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Management Report

How a new strategic steering model will benefit your e-commerce with connected KPI's

Bachelor Thesis

Geneva Business School

**Bachelor in Business Administration with a major in Digital
Marketing**

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Declaration of Authorship

"I hereby declare:

- That I have written this work on my own without other people's help (copy-editing, translation, etc.) and without the use of any aids other than those indicated;
- That I have mentioned all the sources used and quoted them correctly in accordance with academic quotation rules;
- That the topic or parts of it are not already the object of any work or examination of another course unless this has been explicitly agreed on with the faculty member in advance;
- That my work may be scanned in and electronically checked for plagiarism;
- That I understand that my work can be published online or deposited to the school repository. I understand that to limit access to my work due to the commercial sensitivity of the content or to protect my intellectual property or that of the company I worked with, I need to file a Bar on Access according to thesis guidelines."

Date: 6/01-2021

Name: Fabian Erik Kärrbrink

Signature: 

Acknowledgements

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And of course thank you Dag for being a wonderful supervisor!

List of Abbreviations

| | |
|-------|------------------------------------|
| SME | Small and medium-sized enterprises |
| CEO | Chief executive officer |
| CFO | Chief financial officer |
| CMO | Chief marketing officer |
| CCO | Chief commercial officer |
| NDC | New deposit customers |
| KPI's | Key performance indicators |
| CRM | Customer relationship management |
| AOV | Average order value |
| SEO | Search engine optimization |
| SEM | Search engine marketing |

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Executive Summary

In today's era, all companies operating through e-commerce will struggle with measuring growth in an efficient way. It doesn't matter if it is startups, SME or large enterprises. It is essential for the survival of an organization operating in e-commerce to have a well thought out system to measure success. I have developed a strategic steering model based on KPI's focused on e-commerce. In this report, I will start by demonstrating what other people and scholars say about my topic and explaining the problem. Then I will give my solution to the problem and how an organization can implement it. At the moment there are not many easy to implement and user-friendly methods/systems to use in an e-commerce environment to measure success and this is what I will build my report on.

1. Introduction

Scope

In this management report, I will lay my focus on a strategic steering model and how this can be developed to go from a pure long term strategic steering tool to a mix also including short term targets using KPI's and a method where those KPI's are connected on all levels to give a strong steering model.

There are many different methods of measuring growth in an organization. This strategic steering model can be used in different areas within business but I will focus

on marketing. With this strategic steering model it will help the organization see how the company and its different areas are aligned and intervene. This helps an organization to see the strategic picture of each areas better than any other management tool in the market.

Every management measuring method has flaws and so does this strategic steering model. Like anything in the world, nothing is perfect but this strategic steering model is not far from it. There is one clear downside to this strategic steering model, it is very focused on the long term. When you start structuring this strategic steering model you set the goal objectives for the end of the year if you initiate the process in Q1. This will create a good understanding of business health and growth over the span of a year. The problem is that it can be difficult to understand in a clear sense what's going on in the short term of the business.

My hypothesis is not so much based on this strategic steering model in itself, but rather how you add specific KPI's to any strategic scorecard and then *connect* those. The basis could be Balanced Score Cards, OKR's or any other strategic steering model. What I try to show here is a model where companies can mix strategic steering tools with KPI's supporting those - and then connect these KPI's from lowest to the highest level and as such create fast ways to analyse the health of the business.

This report will be based on secondary and primary research strategic steering models, how it can be implemented into an organization, the pros and cons of the different strategic steering models, how it can change the internal and external environment of the organization among other aspects of strategic steering models. Basically how my strategic steering model will change your business and e-commerce for the better. The business problem that I want to solve is the problem organizations face of tracking and measuring the performance of the organization. Today's organization's struggles with finding why they don't perform well in the market. As well, companies are always trying to find the best ways to track and measure growth and I believe with my strategic steering model companies will succeed with this. In the current era, e-commerce organizations are drowning in data which can lead to misuse of KPIs for example. With my strategic steering model with a focus of the usage of KPI's, I want to present a system/method that will help companies to build a working system of business analytics in e-commerce which will drive growth and reach new heights. This approach to my strategic steering model will help businesses thrive in the COVID-19 and post COVID-19 era. The new ideas I want to explore in my management report is my strategic steering model especially focused on the usages of KPI's. I want to take a slightly different approach to other strategic steering models and implement it as a part of business analytics, communication and leadership. As of the functional areas, I will be focusing on three different areas: BI, sales and marketing. All the data companies collect and analyse in the process will be BI. You will measure data that will reflect the performance of both sales and marketing. By touching all these different areas I will present a tool for top

management to more efficiently run the business and at the same time create a feeling of how every employee is important in the success of the business.

Purpose

My topic is called “How to improve strategic steering models in e-commerce with connected KPI’s”. I developed a management method to help strategy performance for companies and e-commerce. I have taken a slightly different approach and used my strategic steering model through e-commerce oriented KPI’s. I believe this will give my strategic steering model a type of upgrade and a new and improved strategic steering model then the more common strategic steering model. My strategic steering model is used by both small and large organizations. It is a management tool to track the performance of a company. I will focus on two different companies in different industries. All the organizations will run their business mainly through e-commerce. I will take a deep dive into how to implement and use this upgraded strategic steering model into the e-commerce market. I will look at two different e-commerce companies; Boneprox, they operate in the dental care and healthcare industry. The second is Green Jade games & Mr Green and are operating in the online gambling industry. The first two is both startups which have recently received investment into the company and are looking for a breakthrough. The last one is a company that has been in the market for a long time and has a healthy revenue. These companies I have a close connection to and will be able to work closely with to make this report as good as possible with real-life examples. I will use these companies to test my thesis about a KPI driven strategic steering model connecting all people involved in reaching the overall targets. While other strategic steering models often are used to measure and communicate personal performance I will in this report show how they can be connected and as such be a tool for top management to drive growth and commitment for the overall goal of the company, not only one’s individual goals. I also hope to be able to define what general KPIs would be the best for an e-commerce company and see if there are such things as a generic set of KPIs.

“So a key performance indicator (KPI) evaluation system is added in the enterprise informatization framework that can change the dynamic structure of the business process quickly, thus make it meet rapid changes in market demand.” (Pan & Wei, 2012). In this work, Wang Pan and He Wei demonstrate how the implementations of KPI’s will help you and your organization optimize your business processes.

After doing some research I found the following findings on using balanced scorecard in the public and private sector;

“Results of a survey of municipal governments in the USA and Canada show that there is limited use of the balanced scorecard. Most municipal governments, however, have developed measures to assess their organizations' financial, customer satisfaction, operating efficiency, innovation and change, and employee performance.” (Smith, 2004). In the article “Modern management tools” Lillian Chan (2004) talks about how government entities have tested modern management tools like the balanced scorecard to deal with financial constraints. As well as how the

balanced scorecard has been implemented successfully in for-profit organizations. It is also talked about how it has been tested for usages in the government sector but have had some difficulties.

“The empirical evidence suggests that the use of scorecards within the case organisation enables employees to clearly appreciate their role, and focus on delivery of performance-related measures which support organisational strategy. Clarity of role appears to have a positive influence on the achievement of the organisation's business plan and excellence goals regarding the delivery of customer service.” (Greatbanks & Tapp, 2007). In this journal, Richard Greatbanks and David Tapp demonstrate evidence that the balanced scorecard works in the public sector. They also talk about how the private sector can benefit from adapting to usage of the balanced scorecard method to enhance the performance of the council in the public sector.

“The balanced scorecard, on the other hand, is well suited to the kind of organization many companies are trying to become. The scorecard puts strategy and vision, not control, at the center. It establishes goals but assumes that people will adopt whatever behaviors and take whatever actions are necessary to arrive at those goals.” (Kaplan & Norton, 2005, p. 79). In this review by Kaplan and Norton explains how the implementation of a balanced scorecard system will help you and your organization drive performance. They demonstrate how the balanced scorecard system puts the strategy of the business in the centre and not control at the centre.

“The main results of the proposed approach refer to the evaluation of the overall scores for each one of the main dimensions of the BSC methodology (i.e. financial, customer, internal business process, and innovation-learning). These results are able to help the organisation to evaluate and revise its strategy, and generally to adopt modern management approaches in every day practise.” (2012). In this work, the authors explain how strategic performance measurement based on the balanced scorecard can help measure the success of a business in the healthcare industry.

After analysing my research and asking around to people within organizations I found some interesting findings. The gap I see today is that few organisations use the balanced scorecard or other strategic steering models to connect individual employees to the company's overall target and illustrate this in a clear way. I also think that many e-commerce companies today are lost in too many KPIs where I hope to prove that a distributed balanced scorecard based on linked KPIs can be used to align targets and to get a fast overview of the business processes necessary for reaching the targets.

The framework is leadership, how to use a new strategic steering model and how this can be used to communicate strategic and operative goals throughout the whole organization. The broad description of the framework or my approach is to start with first align the top tier management with my strategic steering model. It is important for the leaders to be informed before you can work down the chain of command. Then it is to communicate to the rest of the organization how all the goals are

connected to one another to succeed with the bigger goal. One of the main goals is to get the whole company to understand what they are fighting for. It is important to get a strategic steering model to communicate to the organization of what works and not works. It is also very important to inform all the individuals why they do what they do so they are aware of their own individual impact on the organization as a whole and not just for themselves or their branch. This should also work as a motivational tool for the whole organization.

I also want to see if this can be presented as a single dashboard in any of the BI systems available. By my connection with the three companies from the three different industries, I will hopefully be able to analyse their data from their different tools, google analytics, Shopify, Klaviyo, etc and build graphs and reports with google data studio supporting my work.

“The principle of data mining is to cluster customer segments by using K-Means algorithm in which input data comes from web log of various e-commerce websites. Hence, determine the relationship between Web data mining and e-commerce and also to apply Web mining technology in e-commerce.” (Yadav, Feeroz & Yadav, 2012). To run a balanced scorecard system based on KPIs you need to be able to collect vast amounts of data for it to work as effectively as possible. As M. P. Yadav, M. Feeroz and V. K. Yadav is talking about in their work that it is off the essence to be able to main data from the web.

“Recent developments in BI include business performance measurement (BPM), business activity monitoring (BAM), and the expansion of BI from being a staff tool to being used by people throughout the organization (BI for the masses).” (Nagash & Gary, 2008). To be able to understand data collection you need to understand the ins and outs of BI (business intelligence). In this work we see Solomon Nagash and Paul Gary explain how BI has evolved the last year and how it works today.

“BI is currently the top-most priority of many chief information officers. BI has become a strategic initiative and is now recognized by CIOs and business leaders as instrumental in driving business effectiveness and innovation.” (2007). To get a greater understanding of how to implement data collecting system into e-commerce you need to be able to understand what managers think about BI.

“Business intelligence and analytics (BI&A) has emerged as an important area of study for both practitioners and researchers, reflecting the magnitude and impact of data-related problems to be solved in contemporary business organizations.” (Chen, Chiang & Storey, 2012). In this work Chen, H., Chiang, R. H., and Storey, V. C have conducted a vast amount of information which talks about the importance of business intelligence and analytics to solve day to day problems for the business.

The goal with this is to be able to have numbers and graphs in the report to support it.

In short; With this report, I will try to find a way to develop my strategic steering model based on the ideal KPI's for e-commerce companies and to use this to align the entire company towards the same sales target.

2. Problem Statement

In my experience businesses around the world struggle to sort all the data available and use this to measure the health of their business and e-commerce activities in an efficient and easy way. The larger the organization the more KPI's are often used and the less likely to find a connection between operational and strategic KPIs.

To succeed in the daunting market of e-commerce is something that all businesses are struggling with. Companies have to face fierce competition and an abundance of information and data. There is so much data to look through that it is easy to get lost. Companies don't know what data to collect, what data to measure, or what KPIs to set. Companies operating through e-commerce need to find a simple and user-friendly system to collect data and measure it so it makes sense to all involved. The answers to the question: "Why are we not meeting our overall targets" can often be found in the data available. But when the top KPI is identifying the problem, the solution often lies hidden further down in the organization. This is a challenge that small, medium and large businesses face. Businesses will face this in all industries. Everything from public ran businesses to private ran businesses. To be successful in the market of e-commerce you and your company need to be able to measure what goes well and what doesn't in the company. In my experience this is a process that a lot of companies are struggling with within e-commerce.

In any type of business or industry, it is essential to be able to collect data and track the health of the business and especially in e-commerce. To not be able to do this in a good and organized way will lead to huge consequences for your business. If you can't measure what goes on with your business you will not know if it is going well or not or what you should do to change it. By implementing a KPI based strategic steering model your organization will be able to know what to do next with the organization to take it to the next step.

Collecting data and measuring it effectively and optimized affects countries, regions, industries and companies. Even outside of e-commerce is heavily affected by collecting and measuring data. In today's era of digitalization, all organizations in all industries need to have an organized and user-friendly method to collect and analyse data to be able to succeed. To be able to collect data and measure is important in any type of organization and especially in e-commerce where we have data that is easy to extract and measure but difficult to do it the right way and in an organized matter.

In the start of conducting my secondary research, I found several findings of the problem of data management and measuring the success of businesses. I didn't find

much up to date reports that talked about data management and measuring the success of e-commerce. But I found a few about e-commerce and a lot of relevant research talking about businesses in general facing problems collecting data and measuring the success of a business. I think these reports are well done and give a good insight into businesses and give a good view of what problems e-commerce might face in managing data and measuring success. I read the business reports to enhance my knowledge but I will only demonstrate the reports about e-commerce as they are the most relevant to my report.

Below I will display what other people and scholars think about the problem of collecting data and measuring success within e-commerce;

“Information technology and the Internet have had a dramatic effect on business operations. Companies are making large investments in e-commerce applications but are hard-pressed to evaluate the success of their e-commerce systems.” (DeLone & McLean, 2014). DeLone and McLean demonstrate in their work that businesses are affected by the internet and are pressed and struggling to measure the success of e-commerce. What they don't talk about is how to implement an easy to manage, user friendly and success-oriented system to measure the success of the e-commerce business.

“Although many E-commerce companies are collecting huge amounts of data, only a few are making proper utilization of the insights that are provided by Big Data analysis. Use of Big Data in E-commerce will definitely affect the way we are shopping today and will affect the E-commerce companies working.” (Deshmukh, 2013). Deshmukh is explaining in his work how e-commerce doesn't utilize its access to the data available to them. By helping e-commerces to utilize the data available to them and put it into an organized and user-friendly system to track success will help this e-commerce to stay alive and grow the business.

After conducting my secondary research I found that a lot of people and scholars proves my point that companies working within e-commerce or businesses, in general, are struggling with collecting data and measuring success.

Some say the struggle with collecting data in e-commerce can be solved with growth hacking but as I see it GH is more a new and disruptive marketing channel - that can be measured with KPI's.

Another popular tool are SMART goals, but this is more a way of setting targets; they should be Specific, Measurable, Realistic and Time-based. This can and should be applied in the type of KPI based balanced scorecards I use in my thesis. But it is important: The concept here is to add clear (or SMART) KPI's to balanced scorecards or any other strategic steering model and connect those to create a traceable path to the top strategi KPI's

Difficulty in following up on huge amounts of data and to many KPI's was a recurring theme throughout my research. What I didn't find so often was a system that solved this problem. I found a few ones that were good but not that were a KPI based strategic steering model or a system as user friendly as my KPI based strategic steering model. This supports my topic as a new thought of using a KPI based strategic steering model focused on driving success for e-commerce.

When conducting my primary research I talked to two persons that work in very different industries and companies. They both have a different mindset on measuring success and driving a company forward but still uses a common ground. The two people I will be interviewing are Jesper and Anton Kärbrink.

In my first interview, I talked to Jesper Kärbrink. Jesper Kärbrink has been a CEO for most of his career. He has been CEO for companies such as FrontagePage AB, Östersunds-Posten AB, Metro International Ltd, Bonnier Interactive, Bonniers Veckotidningar AB, Svenska Spel AB, Eniro AB, Euroflorist Ltd and Mr Green Ltd. At the current stage of his career, he is the chairman in five different boards, in companies across Europe. Jesper Kärbrink has been leading companies in all different types of industries such as media, gaming and e-commerce. He is a well-experienced leader and has a vast amount of experience and knowledge in measuring success in business and e-commerce.

“Most companies and departments are using KPIs, but few have found a model to stitch them together and integrate them into a complete set of balanced scorecards. With KPI's connected to different levels in the organization, you should be able to build powerful analysis systems. As an example, Mr Green growth is based on traffic to the site, conversion of this traffic, average order value and retention.

These are the top growth KPIs and as such based on tens or hundreds more detailed KPI's divided on channels (desktop, mobile), customer segments like VIP, Loyals, New etc, 13 different markets, marketing channels, like SEM, SEO, direct, e-mail, Social, etc. All those KPIs are measured but seldom connected. With a connected Balance Score Card driven model you could connect all the KPIs to the companies top growth (strategic) KPIs making it possible to drill down whenever a top KPI was not met. This can also be used in the budget process. As an example; budgeting for a 25% YoY growth is often challenging, but budgeting a 5% increase in traffic and a rise in conversion from 3 to 3,6% and an increase in average order value from €200 to €210 and retention going from 70-75% is more manageable (combined, this is way more than 25%). A connected KPI based scorecard would not only be a way to measure performance but also a way to distribute responsibility ” (Jesper Kärbrink)

In this interview, Jesper Kärbrink demonstrates in his experience, companies' struggles to convert KPIs into balanced scorecards and how Mr Green could tackle it. He also mentioned that it is possible to use a balanced scorecard method driven by KPIs to measure the success of the business and drive growth. At the end he shows us

how the balanced scorecard system not only helps the business measure the success but also that helps to distribute responsibility.

In my second interview, I talked to Anton Kärbrink. Anton Kärbrink is a co-founder of a startup called Boneprox. Anton Kärbrink started the company with a close friend right after his university studies seven years ago. Boneprox is a B2B company in the healthcare industry and sells software that detects osteoporosis and oral complications via standard dentist x-rays to dental clinics in Sweden, Norway and Japan. Boneprox has won several awards for its AI-based technology.

“The key when starting a business is to focus on the right things. We understood early that we needed to decide what will drive our business and focus on this. Boneprox is an “AI-based Dental X-Ray analyze company disrupting a manual and slow segment of the market and finding more abnormalities on standard dentist X-rays than any other system”. We found three focus areas: Product development, Brand building, Growth. To drive this and link each process we believe a connected KPI based balance scorecard system where we link all KPIs that drive sales (growth); sales calls, visits, nr of analysis per dentists, price points, SEO, SEM, web traffic, media mentionings etc can help us a lot, especially when we are getting bigger. By budgeting each target compared to the year before we can fast see where we have areas of improvement and where we can invest more. This would also help us keep the focus on the areas we have decided are the most important for long term growth.”
(Anton Kärbrink, CFO and Co-founder Boneprox AB)

Similar to the previous interview Anton Kärbrink talks about how a balanced scorecard system can help a business in several ways. We can see how the implementation helps the start-up to drive growth in a very difficult industry (the healthcare industry). This shows that a balanced scorecard can be implemented and used successfully in different types of businesses and industries.

After conducting my primary and secondary research I have found that other business people and scholars all see the problem and struggles with measuring success in business and e-commerce. I found out that my solutions will help and solve problems for companies struggling with measuring success in e-commerce. They believe that it is essential to have a system that utilizes the data and measures success and drives growth. The knowledge I have received from other scholars' work and from my interviews will now give me an excellent starting point to build further on my report and transition into my proposed solutions.

3. Proposed Solution

To begin with, I have used my connections in the two mentioned companies to gather data on how they are using KPIs today and how they measure performance. This was to start to get a good understanding of where the companies are at. The process started with reaching out to the companies by email and sending a consent form giving me the right to use their data and my findings in this thesis. With these companies, I have collected data as well as done interviews talking about their company and industry and related topics to my approach to a strategic steering model. Here my focus was to get away with fresh and relevant facts about my topic and I wanted to get a good insight into the topic in different companies and industries. This is what the main core of my report is all based on. Secondly, I have done a vast amount of research about the topic through articles and books among other sources of information. Here I have researched all about the topic. I have researched the topic's history, the usages of strategic steering models, who uses it, who doesn't use it, the pros and cons of the management toll, here my goal was to get a very wide understanding of all the different aspects of this topic. As I entered my research process I already had an understanding of my topic so I started straight away with doing a deep dive into the challenges and opportunities with this method. I used both primary and secondary research in my report. The first step was to do primary research. Here I did all the research and the reporting about the findings by myself from the companies I worked with. The second stage is secondary research. I based this on other peoples' findings and interviews and I drew my own conclusions from their findings. This was a process that I did not put too much effort into as I already have knowledge about the topic.

The main issue I came across was the amount of data I had to go through and analyse for my research. Through the companies, there was a vast amount of raw data to collect and analyse. After the findings from the different software from the different companies I will present them into different graphs using google data studio or sheets. All of this was a challenge to my analytics skills. I do not believe that any of the information I was set out to find was impossible to find. But then I always had to keep in mind that things will come up through the process that I haven't thought about now. There was one scenario when it could be that one or more of the companies do not want to give a certain piece of information. The impact this would have on the report should not be too significant. I would be able to work around it. Part of my goal was to see if I could build a dashboard to follow the KPI links (I hope to find) in my strategic steering model in real-time and use this to identify processes that are not working to reach the sales targets. This in itself is probably my biggest challenge. On the other hand, If I can prove the theory in writing this is not a necessary step to complete the report but it would add value to it.

On request, I have signed their standard NDA agreements, however without limitation for me using the information for my thesis. Otherwise, I started with getting consent from the partaking companies to use my findings (and their data) in this thesis. If they

thought some data (like sales targets, conversion rate, retention etc) was sensitive I would “scramble” them by multiplying all numbers with the same random factor (this would then be mentioned in the report but not the random number). It is important for me that this is done in a right and ethical way for all of the stakeholders involved.

At the start of the paper, I had to decide or find out if I would be able to base my report on primary research or if I had to go for secondary research. My goal was to reach out to close contacts of mine so I could be able to do my thesis work and research based on primary research and not secondary. After talking to my contacts who were leaders for companies in different industries and was then presented with the option of doing my work based on primary research and or secondary research. When I had the option of basing my thesis on primary research I thought it was the best option to make my report as good as possible.

I believe that primary research is more applicable to my thesis than secondary research. This is because the primary research is something I have conducted and is structured and tailored to my problem I’m trying to solve. Primary research helps me to better understand the problems companies in different industries face related to my topic in-depth and gives me good grounds to build my report. The primary research that I have conducted will also help me to demonstrate my work and support my thesis and the arguments within it. It also shows fresh and up to date insight of leaders of companies thinking of the different topics I’m speaking about throughout my thesis. The secondary research is good to help me get a better understanding of the several different components of my topic. The secondary research also helps me demonstrate and support some of my work and arguments throughout my thesis.

On the way to start building my case for the “proposed solutions” I decided to collect hard data to use as support for my solution. I chose to collect the data from when Jesper Kärrbrink was the CEO of Mr Green. I did this approach because I wanted to demonstrate that my method could help in a larger organization. If it works in a large organization like Mr Green it will most likely work in SME as well.

When interviewing Jesper Kärrbrink we decided that instead of using actual data that is under NDA I could use example data that Jesper Kärrbrink provided me with. This should be ok since it is not the data in itself but how the data is used that is the key to my thesis. The data used will help me demonstrate my solution to how to succeed in the daunting market of e-commerce with a connected KPI based strategic steering model.

Jesper Kärrbrink has been a CEO for most of his career. He has been CEO for companies such as Mr Green, Svenska Spel, Eniro and Euroflorist. At the current stage of his career, he is the chairman of five different boards, in companies across Europe. Jesper Kärrbrink has been leading companies in all different types of industries such as media, gaming and e-commerce. He is a well-experienced leader and has a vast amount of experience and knowledge in measuring success in business and e-commerce.

Mr Green is a company operating in the igaming industry and is based in Malta. They are an online casino offering, a sportsbook, slots, Arcade skill games and live casino. Mr Green had ca 400 employees and a revenue of ca €150M in 2019.

Mr Green's top (strategic) KPI's are NDC (new depositing customers), AOV, and Retention. According to Mr Kärbrink, this was the KPI's he decided to focus on when coming to Mr Green with the task of improving growth to be higher than peers (during the period 2016-2020 Mr Green increased its YoY growth from 8% to 35%).

Those KPIs were also the basis for the budget process, then those KPI's were broken down into more granular KPI's for each reporting level. As such the CMO (Chief Marketing Officer) was responsible for Traffic and Conversion driving NDC growth and used the marketing budget to drive those KPI's and the CCO (Chief Commercial Officer) was responsible for Average Order Value and Conversion and as such had full control over the product (the gaming site) as well as the customer database. So one manager responsible and accountable for creating and converting traffic into paying (gambling) customers and one manager responsible and accountable for how much they spend on the site and how to retain them as customers.

Further down the line each of these managers has teams for customer acquisition, and conversion divided into different channels and markets (CMO) and product, placement, site development, on-site messaging, CRM etc (CCO) with all having their own KPI's. What we heard from Mr Kärbrink in the interview was the challenge to connect all these KPI's and levels.

This is where my solution comes in: **My connected KPI based strategic steering model** (this could be any type of strategic scorecard).

Together with Mr Kärbrink, I have put together a strategic steering model (example) for the CEO and then broken this down to (two) c-level functions, CMO and CCO. In reality, all members of the management team should have their Employee scorecards, but these two are the most relevant to prove my theories.

Employee Score Card

Title CEO
 Holder Jesper Kärbrink
 Reports to: Chairman of the board
 Date 2016-04-01

Longest task: To develop Mr Green into a leading online gaming operator with a top rated product, strong focus on responsible gaming, the best working environment in the industry and new methods for growth and by this reach +30% growth by 2019

| TASKS 2016 | KPIs 2016 | TARGET 2018 |
|---|--|--|
| <ul style="list-style-type: none"> Develop a business plan according to the 5 year goal of 100M€ in revenue Set an organisation in line with those goals Start and finish an ISO 27001 certification for the hosting part Secure an offsetting procedure to reach a positive CO2 effect for IV operations Establish contacts with 25 large potential customers on both Content and Hosting Evaluate market segments outside iGaming Find a solution for European operators/providers entering Asia | <p>Strategic:</p> <p>Traffic 2M/month Conversion 6% AOV €100 1 M Retention 60% 1 Y Retention 10%</p> <p>Operational:</p> <p>Revenue €120M Cost €105M EBITDA margin 15%</p> | <ul style="list-style-type: none"> Launch the best Green gaming Tool in the industry. Launch a sportsbook with 10% of the total revenue Launch a new Live Casino product Improve Employee index with +10% overall Enter 2 new markets Acquire a license in Denmark |

Employee Score Card

Title CMO
 Holder XXXX
 Reports to: CEO
 Date 2016-04-01

Longest task: To improve the marketing efficiency by more structured approach to customer acquisition, brand building and improved employee index.

| TASKS 2016 | KPIs 2016 | TARGET 2017 |
|---|---|--|
| <ul style="list-style-type: none"> New marketing organization Find a new marketing agency New concept on TV spots to drive more brand searches New SEO strategy AB test all SEM activities Set a new brand strategy Increased focus on NDC acquisition Improved product understanding | <p>Strategic:</p> <p>Traffic 2.2M/month Conversion 6%</p> <p>Operational:</p> <p>Revenue €120M Marketing spend >25€M Marketing efficiency <1</p> | <ul style="list-style-type: none"> Find brand ambassadors per market. Sportsbook marketing campaigns Launch a new Live Casino product Marketing plans for two new markets Launch campaign for Denmark |

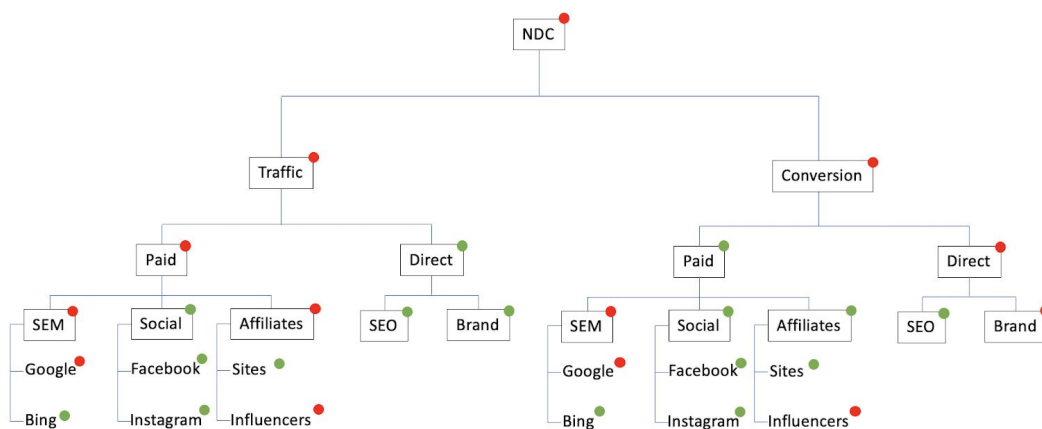
As you can see (even if the content is examples) Mr Green worked with what they call Employee Score Cards already in 2016 and added KPI's. All managers had a scorecard that was a breakdown of his/her manager's responsibility. In this, the entire Mr Green strategy and plans were distributed to all managers and everyone knew what they had to focus on to achieve the overall targets. In my interview with Jesper Kärbrink, he mentioned that if they could get more NDC's (new depositing customers) by increasing traffic to the site and improved conversion by new and better marketing with more focused campaigns and at the same time increase the AOV by offering a more entertaining and safe experience compared to the competition and with more gamification and improved CRM increasing the retention numbers, then growth would come by itself. So the key KPI's to reach growth are NDC, AOV, and retention. Those are in the next level driven by increased traffic,

better conversion, improved retention, and AOV which in its turn is driven by SEO and SEM activities as well as product development, games portfolio, gamification, responsible gaming efforts, brand marketing, etc, etc.

What was missing in this as Mr Kärbrink said in his interview was the connection between all KPI's. From highest to the lowest level.

And this is my solution: Having had access to all this data I have developed a model for a connected KPI scorecard system.

My solution is a data model where I have connected all the KPIs every manager had assigned in this case: CEO, CMO, CCO, Marketing Director, Head of acquisition, Manager Paid traffic (SEM, Social media and influencers), SEO manager (SEO and Brand search), Head of Casino (product and CRM) and created a system where top management directly can see why a top KPI is not met.



In the example above I have focused on NDC generation and the connected KPI's. In this example, we can see that Mr Green did not reach the budgeted targets for NDC in the measuring period (July) and one can directly see two areas that need extra attention, Paid traffic-SEM-Google. Here we see a direct link to why the targets are not met. Google ads are not generating enough traffic nor converting as it should. Another area where some focus is needed is influencers, this channel is also underperforming.

Another way to present this is by an excel model:

| Linked KPI's Example for Mr Green | | | | |
|-----------------------------------|------------------|------------------|------------|------------|
| | Budget | Actual | Budget | Actual |
| Top KPI | Traffic / month | | Conversion | |
| | 2 000 000 | 1 650 000 | 17% | 18% |
| 2nd level KPI | | | | |
| Mobile | 2 900 000 | 1 050 000 | 8% | 10% |
| Desktop | 900 000 | 560 000 | 5% | 6% |
| Third Level | | | | |
| Paid Mobile | 1 260 000 | 1 050 000 | 8% | 11% |
| SEM | 800 000 | 700 000 | 6% | 5,5% |
| Social media | 250 000 | 285 000 | 9% | 12% |
| Influencers | 210 000 | 65 000 | 10% | 15% |
| Direct Mobile | 190 000 | 190 000 | 38% | 35% |
| SEO | 145 000 | 142 000 | 15% | 17% |
| Brand search | 45 000 | 48 000 | 60% | 52% |
| Paid Desktop | 470 000 | 460 000 | 6% | 8% |
| SEM | 350 000 | 325 000 | 6% | 8% |
| Social media | 45 000 | 100 000 | 4% | 4,5% |
| Influencers | 75 000 | 35 000 | 8% | 7% |
| Direct Desktop | 80 000 | 100 000 | 31% | 32% |
| SEO | 50 000 | 75 000 | 6% | 4% |
| Brand search | 30 000 | 25 000 | 55% | 59% |

In the picture above from my work in an excel document, I created a KPI based strategic steering model the numbers and data I was given by Jesper K rrbrink about Mr Green’s data.

In this chart, we can see in the first column “budget” where we can see what they would normally expect monthly in different categories. This is what Mr Green would drive for on a monthly basis. First, we are shown the estimations of the traffic than mobile, desktop, SEM for paid mobile, social media for paid mobile, influencers for paid mobile, SEO for direct mobile, brand search for direct mobile, SEM for paid desktop, social media for paid desktop, influencer for paid desktop, SEO for direct desktop and brand search for direct desktop. In the second column called “actual”, we have the results in this scenario that could have occurred on a monthly basis at Mr Green. In the next columns we have the same concept but for monthly conversions instead of monthly traffic.

I have created a KPI based scorecard system/strategic steering model which is my proposed solution. The first step was to divide the categories to the left into KPI’s. I have divided them into three categories: Top KPI, 2nd level KPI’s and third-level KPI’s. Top KPI which is the general monthly traffic and the general monthly conversion of the company. Then we have the 2nd level KPIs which is divided into mobile and desktop. Last but not least we have the third level KPIs which is divided into paid mobile (SEM, social media & influencer), direct mobile (SEO and brand search), paid desktop (SEM, social media & influencer) and direct desktop (SEO and brand search). These KPIs are used to be able to track the important metrics and to as easy as possible track down which metric doesn’t perform well and is the core problem to the negative results. The second step was to implement the colours. The

colours help to indicate if the organization met its goals or not. The green shows if the metric is stagnating or if it exceeded its target. The red demonstrates if the metric did not meet the target and therefore missed the expectations.

A well thought out system as a KPI based strategic steering model will be able to benefit any company in any industry and especially organizations operating in e-commerce. The KPI based strategic steering model is easy to navigate and to optimize to its fullest potential. It is also quite straightforward to implement to organizations or e-commerce.

The KPI based strategic steering model will help the organization as a whole, the entities and the personnel of the company to track and measure growth and succeed in business and e-commerce. A KPI based strategic steering model will make sure that companies, managers and personnel of the company can easily measure metrics and see where the company is headed. This will make sure that everyone is aligned with the targets and to see where to improve to make the organization more successful. By creating a workshop or something similar to the manager and employees will be able to optimize, operate and implement a KPI based strategic steering model with ease.

4. Evaluation

First, I had to understand what was considered feasible in implementing a new method to measure success and growth in an organization and especially in the section of e-commerce. After looking at my own experience and at my primary and secondary research I concluded that implementing a KPI based strategic steering model will not be a difficult task for an organization or e-commerce.

As I mentioned before and have discussed in previous parts of my report this solution is a method that is quite easy to implement and is also very user friendly. The method isn't hard to learn but it can be difficult to master. I have shown in the previous section, the "proposed solution" how my KPI based strategic steering model can be done in excel/sheet and in Powerpoint/slides. In today's workforce, everyone knows how to operate in excel/sheet and in Powerpoint/slides and therefore should make the whole implementing process much smoother.

As we all know change is something that humans don't like very much. We want things to stay as they are. It is in our human instinct to be afraid of change. To change to something new comes with a risk and more work. This is something all organizations and e-commerce struggles with but overcome with good and strong leadership.

To be able to succeed with implementing a smooth, perfect strategy and the requirements that come along with it needs a well thought out process that is tailored for organizations operating e-commerce.

It is important to have a clear plan before initiating the process of creating an implementation strategy. The process would be divided into different sections to make sure the process is easy to follow and organized. This would make sure that the organization and the personnel would be able to follow the strategy in an easy manner and be able to get the most out of the strategy and my KPI based strategic steering model.

The first step would be to analyse the situation of the company in terms of the key components of the system which is being implemented, the KPI strategic steering model. It's very important that you do this analysis of the organization at the start of the implementation strategy. You need to know where the company is at so you can tailor the implementation for that particular company. This would increase the outcome of success. To know the situation of the company could be done in several ways. One could be to send a quiz to the personnel of the organization to understand their knowledge of the method. Another could be that you observe the personnel of the organization and do an assessment of their knowledge about the method. The knowledge you would analyse would be the key components of the method, KPI based strategic steering model. The personnel of the organization needs to know what KPIs and a strategic steering model are and how to navigate excel/sheet and Powerpoint/slides. This is the components you would analyse.

The third step would be to analyse the findings from the assessment on the knowledge of the personnel of the organization about the key components of the KPI based strategic steering model. Here you would organize the findings and map out the knowledge levels of the organization. This step is to organize what you have learned and how you should move forward.

The fourth step would be to start the training process for the personnel of the organization. After collecting the information about the knowledge level of the personnel of the organization and analysing this information it is time to start the training. I believe that for any new change or new method introduced to an organization to work out well you need to try it first and practise with it. It's very important that the personnel of the company gets a feel and learns how to use the method in practice before implementing it fully into the organization. This is to make sure that there will be no "big" mistakes down the line regarding the method that could seriously damage the organization. The training of the personnel could be done in several ways. You could have someone presenting it like a TEDtalk to make it fun and interactive to watch and learn from. Then you could do a workshop where you get the personnel to work in hand with the method to fully experience how the method works and feel. This is the method that I believe would lead to the best learning outcome and for the future success of usages of the method within the organization.

After the training stage is completed it is time to evaluate the process to see what went well and needs to be improved. This to make sure that the next implementation would run even smoother.

There could be a few possible implementation challenges along the way. As I mentioned before people are scared of change. People don't want to change things that work even though it could improve their daily life. This in my perspective would be the most possible challenge to overcome. Then we have the challenge of a huge lack of knowledge about the method and how to use it. If people don't have any knowledge about KPI's, PowerPoint/slides or excel/sheet. This would make the possession of implementation much more difficult and longer. This could make people lose interest in implementing the method because of its long learning curve.

To overcome the first challenge would be to simply show facts and numbers showing how this could change their organization for the better. It's also important here to demonstrate how easy it actually is to implement and how user friendly it is. For the second challenge, I would start the same way as for the first challenge. I would push hard on showing that it will be worth it in the end even though the long learning curve (in this scenario). Then I would prepare a course for every lack of knowledge, KPI's, Powerpoint, etc. This would help show them how long the learning curve would take but as well how much they would learn in the end.

5. Conclusions

At the start of my report, I started with my secondary research. Here I found how a lot of people and scholars saw the same problem as I have detected in the market of e-commerce. Organizations struggle with measuring the success of the organization. I also made a deep dive into the key components of my topic to be able to understand and make good work as possible. Some of these key components were strategic steering models, KPI's, etc, etc. Then I started my primary research where I interviewed two persons who have both experiences in e-commerce and work in two very different industries. Here I got to learn more about their personal experiences within this topic. One thing I realised is that while I from the beginning was focusing on strategic steering models, during the interviews I realized that my theory is not so much based on my strategic steering model but rather a way to add *connected KPI's* to any strategic steering model. My research offers a clear understanding of how companies struggle in the world of e-commerce and especially about measuring growth. Then we arrived at the problem solution where I demonstrated how to create a connected KPI based strategic steering model to help to measure growth and to find areas of underperformance and why. In this section, I got use data from Jesper Kärbrink time at Mr Green to make the examples as clear as possible. At last, we entered the evaluation part where I demonstrated how I could implement my KPI based strategic steering model into an organization.

The industry of e-commerce is a harsh industry with fierce competition and an abundance of data. To be able to succeed in e-commerce you need to have a well thought out method to measure the success and health of the organization. The method needs to be easy to implement and user friendly to work in all environments.

My conclusion: Adding *connected* KPI's to my strategic steering model or any other strategic steering model will on top of being a strategic tool support top managers in understanding what short term efforts in the organisation drives growth or more importantly where they need to put more focus. The advantage is that this can be measured on any time scale, week, month, quarter or year. As I showed in my example of Mr Green it creates a clear image of what works and what is not working and where the stops/brakes to hit the strategic KPI's are.

The challenge is not setting up the KPI's, those already exist. The problem lies in building the databases/models to support this. I have not had the possibility to do this in the thesis, but finding the right software and building this would be my next step.

Appendices

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List of Tables

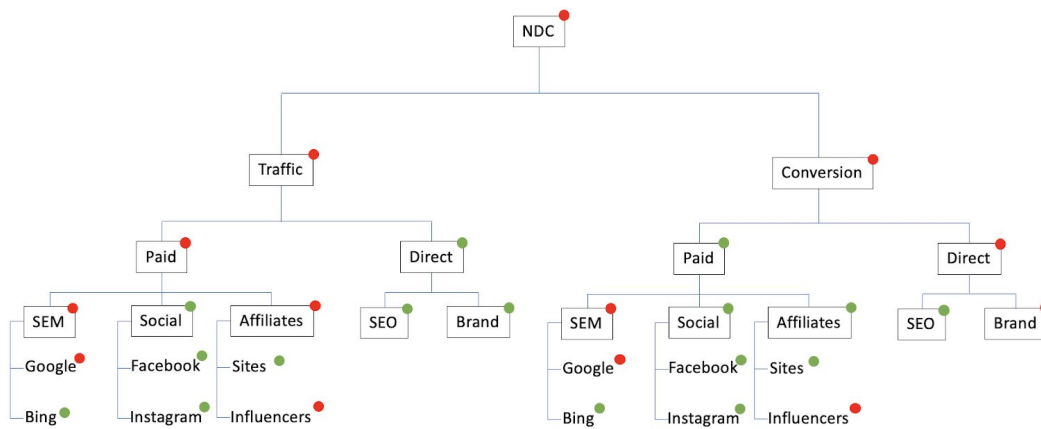
Table 1

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|--|--|---------|----------|------------|----|-----|------|---------------|-----|---------------|-----|---------|-------|------|-------|---------------|-----|--|
| <p>Employee Score Card</p> <p>Title CEO Holder Jesper K rrbrink Reports to: Chairman of the board Date 2016-04-01</p> | <p>Longest task: To develop Mr Green into a leading online gaming operator with a top rated product, strong focus on responsible gaming, the best working environment in the industry and new methods for growth and by this reach +30% growth by 2019</p> | | | | | | | | | | | | | | | | | |
| <p>TASKS 2016</p> <ul style="list-style-type: none"> Develop a business plan according to the 5 year goal of 100M  in revenue Set an organisation in line with those goals Start and finish an ISO 27001 certification for the hosting part Secure an offsetting procedure to reach a positive CO2 effect for IV operations Establish contacts with 25 large potential customers on both Content and Hosting Evaluate market segments outside iGaming Find a solution for European operators/providers entering Asia | <p>KPIs 2016</p> <p>Strategic:</p> <table border="0"> <tr><td>Traffic</td><td>2M/month</td></tr> <tr><td>Conversion</td><td>6%</td></tr> <tr><td>AOV</td><td> 100</td></tr> <tr><td>1 M Retention</td><td>60%</td></tr> <tr><td>1 Y Retention</td><td>10%</td></tr> </table> <p>Operational:</p> <table border="0"> <tr><td>Revenue</td><td> 120M</td></tr> <tr><td>Cost</td><td> 105M</td></tr> <tr><td>EBITDA margin</td><td>15%</td></tr> </table> | Traffic | 2M/month | Conversion | 6% | AOV |  100 | 1 M Retention | 60% | 1 Y Retention | 10% | Revenue |  120M | Cost |  105M | EBITDA margin | 15% | <p>TARGET 2018</p> <ul style="list-style-type: none"> Launch the best Green gaming Tool in the industry. Launch a sportsbook with 10% of the total revenue Launch a new Live Casino product Improve Employee index with +10% overall Enter 2 new markets Acquire a license in Denmark |
| Traffic | 2M/month | | | | | | | | | | | | | | | | | |
| Conversion | 6% | | | | | | | | | | | | | | | | | |
| AOV |  100 | | | | | | | | | | | | | | | | | |
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Table 2

| Employee Score Card | | |
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| <p>Title CMO Holder XXXX Reports to: CEO Date 2016-04-01</p> | | |
| TASKS 2016 | KPIs 2016 | TARGET 2017 |
| <ul style="list-style-type: none"> • New marketing organization • Find a new marketing agency • New concept on TV spots to drive more brand searches • New SEO strategy • AB test all SEM activities • Set a new brand strategy • Increased focus on NDC acquisition • Improved product understanding | <p>Strategic: Traffic 2.2M/month Conversion 6%</p> <p>Operational: Revenue €120M Marketing spend >25€M Marketing efficiency <1</p> | <ul style="list-style-type: none"> • Find brand ambassadors per market. • Sportsbook marketing campaigns • Launch a new Live Casino product • Marketing plans for two new markets • Launch campaign for Denmark |

Table 3



List of Figures

Figure 1

| Linked KPI's Example for Mr Green | | | | |
|-----------------------------------|------------------|------------------|------------|------------|
| | Budget | Actual | Budget | Actual |
| Top KPI | Traffic / month | | Conversion | |
| | 2 000 000 | 1 650 000 | 17% | 18% |
| 2nd level KPI | | | | |
| Mobile | 2 900 000 | 1 050 000 | 8% | 10% |
| Desktop | 900 000 | 560 000 | 5% | 6% |
| Third Level | | | | |
| Paid Mobile | 1 260 000 | 1 050 000 | 8% | 11% |
| SEM | 800 000 | 700 000 | 6% | 5,5% |
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| Direct Mobile | 190 000 | 190 000 | 38% | 35% |
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