

**MASTER
ACCOUNTING**

**MASTER'S FINAL WORK
PROJECT**

**BALANCED SCORECARD PROPOSAL FOR A SMALL AND
MEDIUM ENTERPRISE
"FORATO S.p.A"**

TOMMASO FORATO

JANUARY 2025

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Abstract

This Master Final Work (MFW) proposes an application of the Balanced Scorecard (BSC) as a strategic performance measurement tool for Forato S.p.A., a Small Medium Enterprise (SME), operating in the fruit and vegetable wholesale sector in Northern Italy. SME face several challenges, such as limited resources, low innovation, and highly competitive pressure. The BSC can be a useful management tool for this type of companies because it forces them to formalize their strategy in the long and short-run, to develop specific strategic objectives (financial and non-financial), to identify performance indicators related to those objectives, to set targets, and to design initiatives that will facilitate the achievement of those targets.

Using company documents and interviews with managers and shareholders at Forato S.p.A as sources of data, this MFW develops a BSC proposal with a strategy map, strategic objectives, performance indicators, targets and initiatives. Therefore, this study provides a roadmap for the company to balance short-term profitability with long-term growth and innovation, ensuring the company's competitive positioning in an evolving market.

Keywords: Balanced Scorecard; SME; fruit and vegetable wholesale sector

Resumo

Este TFM desenvolve uma proposta de Balanced Scorecard (BSC) como uma ferramenta estratégica de medição de desempenho para a Forato S.p.A., uma Pequena e Média Empresa (PME) que opera no setor grossista de frutas e vegetais no norte da Itália. As PME enfrentam vários desafios, como recursos limitados, baixa inovação e intensa pressão competitiva. O BSC pode ser uma ferramenta de gestão útil para este tipo de empresa, pois obriga-as a formalizar sua estratégia a longo e curto prazo, desenvolver objetivos estratégicos específicos (financeiros e não financeiros), identificar indicadores de desempenho para esses objetivos, definir metas e projetar iniciativas que facilitem o alcance dessas metas.

Utilizando documentos da empresa e entrevistas com gestores e acionistas da Forato S.p.A como fontes de dados, este TFM desenvolve uma proposta de BSC com um mapa estratégico, objetivos estratégicos, indicadores de desempenho, metas e iniciativas. Portanto, este estudo fornece um plano para a empresa equilibrar a lucratividade de curto prazo com o crescimento e a inovação de longo prazo, garantindo o posicionamento competitivo da empresa num mercado em constante evolução.

Keywords: Balanced Scorecard; PME; setor grossista de frutas e vegetais

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Glossary

BSC - Balanced Scorecard

B2B – Business to Business

F&V - Fruit and Vegetables

GDO - Large-Scale Retail Distribution

Ho.Re.Ca –Hotellerie, Restaurant,Cafe,

MCSs - Management Control System

MFW – Master Final Work

OCE – Customer Outreach Effectiveness

PESTEL - Politic, Economic, Social, Technological, Environmental, Legal

SME – Small, Medium Enterprise

SWOT – Strength, Weakness, Opportunities, Threats

1. Introduction

Over time, as society progresses and new technologies emerge, there is a natural evolution in the management of organizations. In today's globalized world, traditional methods of evaluating performance in business have become outdated (Kaplan & Norton, 1992). Metrics like Return on Investment (RoI), Residual Income and Economic Value-Added (EVA) were once considered the best measures, but nowadays it is recognized that they do not capture the full spectrum of performance, neglecting crucial non-financial aspects (Ghalayini & Noble, 1996). In response to these limitations, the Balanced Scorecard (BSC) has emerged as an innovative tool for managing performance, offering a more comprehensive approach that aligns with the complexities of modern business environments (Gomes & Romão, 2014).

The BSC framework was developed by Robert S. Kaplan and David P. Norton as an Integrated Performance Management System. This system is designed to bridge the gap between strategic goals and their execution by incorporating a combination of financial and non-financial performance measures (Panigrahi et al., 2008). The BSC retains financial metrics as the ultimate outcome measures for company success, but supplements these with metrics from three additional areas: customer, internal processes, and learning and growth. These areas are considered the drivers for creating long-term shareholder value (Kaplan, 2010).

This Master Final Work (MFW) in the format of a Project presents a BSC proposal for Forato S.p.A., a fruit and vegetables wholesale company, based in Asolo (Italy). The author worked as a buyer in this company for one year, which allowed him to understand the business operations of the company, the dynamics of the sector, but also the risks and opportunities the company faces.

The BSC proposal is based on the analysis of internal documents and interviews with key players in the company. The data collected allow a deep understanding of the company's operational intricacies, strategic objectives, and performance indicators. By designing a BSC aligned with the company's strategic goals, this MFW provides actionable insights that will empower the company to optimize its performance, reinforce strategic alignment, and foster sustainable growth in the competitive Fruit and Vegetables Wholesale sector.

2. Literature Review

2.1. Management Control System

Abernethy and Chua (1996) describe management control systems (MCS) as “a combination of control mechanisms that are designed and implemented by management to increase the likelihood that organizational participants will act in ways that align with the objectives of the dominant organizational coalition”. Furthermore, Merchant and Otley (2007) suggest that broader definitions of control may encompass elements such as strategic development, control, and learning processes, many of which go beyond the typical boundaries of management accounting. In their broader conceptualization "nearly every aspect within the organization can be considered part of the overarching control system."

Additionally, Merchant and Van der Stede (2007) differentiate management control from strategic control by focusing on the behavior of employees. According to their definition, management control addresses the need to ensure that employees act in ways that benefit the organization. They argue that "if employees could always be trusted to act in the best interest of the organization, there would be no need for management control systems."

Simons (1995) offers another perspective, defining MCSs as “the formal, information-based routines and procedures that managers employ to sustain or modify patterns of organizational activity”.

The Balanced Scorecard (BSC) can be considered part of a comprehensive control system, in which managers determine whether the operational activities are aligned with the strategies and global vision of the organization (Bostan & Grosu, 2024).

By measuring both financial and non-financial aspects of performance, the BSC provides a more holistic view of organizational health. According to Malmi and Brown (2008), the BSC is a key element of the “integrated control framework” in which strategic objectives are aligned with performance measures that guide managerial behavior. This integration ensures that the actions taken by various parts of the organization are aligned with the company’s strategic direction, fostering better decision-making and more effective resource allocation.

Additionally, a 2024 study examined recent advancements in Management Control Systems (MCS) research, underscoring the importance of strategic performance measurement systems such as the Balanced Scorecard (BSC). The study highlights that the BSC's multidimensional approach allows organizations to adapt to dynamic environments by aligning strategic

objectives with performance metrics, thereby improving managerial behavior and enhancing organizational outcomes (Fachrudin et al., 2024).

In the following sections, we will explore how the BSC functions and examine its various perspectives.

2.2 Balanced Scorecard

In today's dynamic business landscape, organizations face increasingly complex challenges, underscoring the importance of a clear understanding of their objectives and the strategies required to achieve them; firms are naturally expected to respond to these difficulties with agility, purpose, and excellence, thereby accentuating the necessity and importance of strategic management tools that can support firms in meeting this expectation (Kumar et al., 2024). The Balanced Scorecard (BSC) serves as a valuable tool in this regard.

Kaplan (1992) asserts that the BSC overcomes the limitations of financial statements. These statements primarily focus on past events and are particularly effective for companies based on tangible, physical assets. However, nowadays, a company's most valuable assets include its human capital, customer relationships, and innovation. Yet, these crucial "assets" often remain unaccounted for in traditional financial reporting (Kaplan, 2022). In fact, traditional financial metrics alone are insufficient for guiding and evaluating the evolution of modern companies nowadays. To create future value through investments in customers, suppliers, employees, processes, technology, and innovation, a more holistic approach is required. The BSC addresses this need by complementing financial measures of past performance with indicators of the drivers of future success (Kaplan & Norton, 1996).

However, the BSC is more than a tactical or an operational management system. Innovative firms are using the BSC as a Strategic Management System, to manage their strategy over the long run (Kaplan & Norton, 1996). Organizations use the BSC in order to reach the following objectives (Kaplan & Norton, 1996):

- Clarify and translate vision and strategy
- Communicate and link strategic objective and measures
- Plan, set target and align strategic initiatives
- Enhance strategic feedback and learning

Aligned with an organization's vision and strategy, the objectives and measures outlined in the Balanced Scorecard provide a roadmap for achieving sustainable growth and competitive advantage in today's ever-changing business environment. By translating an organization's mission and strategy into a comprehensive set of performance measures, the BSC establishes the foundation for a strategic measurement and management system (Mio et al., 2021). This framework enables organizations to not only track financial outcomes but also monitor progress in developing the capabilities and acquiring the intangible assets necessary for future growth (Kaplan & Norton, 1996). The metrics within the balanced scorecard are shaped by the company's unique perspective on key success factors. However, this perspective may not always be accurate. Even an outstanding selection of balanced scorecard metrics does not ensure a successful strategy. The balanced scorecard is a tool to translate a company's strategy into specific, measurable objectives, but it alone cannot guarantee strategic success (Kaplan & Norton, 1992)

The Balanced Scorecard (BSC) has its greatest impact when it is deployed to drive organizational change. Senior executives should establish financial targets for the scorecard measures, spanning three to five years, that, if achieved, will transform the company. Examples of such targets could include a percentage increase in sales growth, an increase in profits, or a reduction in the cost of goods sold. To achieve these ambitious financial goals, managers must identify targets for their customers, inter-business processes, and learning and growth. They should also consistently verify the results obtained and, if necessary, make fundamental changes to the strategy itself (Kaplan & Norton, 1996).

At the same time, superior performance requires more than just financial targets—it also depends on operational effectiveness. According to Porter (1996), operational effectiveness involves performing similar activities better than competitors. This includes minimizing waste, leveraging advanced technologies, motivating the workforce, or enhancing activity management. These differences in operational effectiveness are critical because they directly influence relative costs and differentiation, both of which are vital to profitability. By delivering greater value to customers or achieving comparable value at a lower cost, companies can secure a competitive advantage

To provide an holistic overview of performance, the BSC, in its original form, considered four different perspectives: Financial, Customers, Internal Processes, and Learning and Growth. For each of these areas, Kaplan & Norton (1992) recommend a specific questions that should

be answered. However, Kaplan and Norton acknowledge the possibility of introducing additional perspectives into the traditional Balanced Scorecard model. This flexibility becomes essential when environmental and social factors play a crucial role in achieving the organization's strategy and significantly impact its overall performance (Rojic, 2023). For instance, according to Butler et al. (2011), organizations aiming to implement a sustainable strategy within the Balanced Scorecard

(BSC) framework can either introduce an additional perspective to address social and environmental aspects or integrate these considerations into the existing four traditional perspectives (Kalender & Vayvay, 2016).

Despite the numerous advantages associated with implementing the Balanced Scorecard (BSC), some scholars have highlighted its limitations. For example, Norreklit (2003) argues that there is no definitive cause-and-effect relationship between certain measurement areas suggested by the BSC framework. Similarly, Hondson et al. (2001) point out that one of the key weaknesses of the BSC lies in its lack of integration between the strategic top level and the operational levels. This issue often creates challenges in ensuring that lower levels within the organization fully comprehend and implement the BSC effectively. According to Hondson et al. (2001), this lack of integration restricts the BSC's utility to higher management levels, leaving operational teams disconnected from strategic goals. As a result, organizational strategies risk failing due to insufficient alignment and integration between the various levels of the company (Salem et al., 2012). Campbell (2017) highlights as a limitation the excessive time and effort required to collect a high number of performance metrics, which is often neglected in many organizations. For this reason, it is crucial to focus on prioritizing key performance indicators, ensuring that the resources invested in gathering data are directed toward the most valuable information for enhancing organizational performance (Campbell, 2017).

Despite these limitations, the BSC is a widely used management control system and in the next sections we will present the different perspectives.

2.2.1. Financial Perspective

“How do we look to shareholders?” (Kaplan & Norton, 1992).

The financial objective serves as the core focus within all perspectives of the balanced scorecard, with every selected measure intended to contribute to enhanced financial performance through cause-and-effect relationships.

The financial objectives of a business can vary significantly across different stages of its life cycle, Kaplan and Norton (1992) identify three key financial themes that, in general, shape business strategies across organizations:

1. Revenue growth and mix
2. Cost reduction and productivity improvement
3. Asset utilization.

To establish a well-rounded financial perspective, it is crucial to include key financial components and performance indicators that provide a comprehensive and balanced view of performance (De Jager, 2005). These components may include:

- Traditional accounting metrics, such as operating income, revenue growth, return on investment (ROI), return on equity (ROE)
- Indicators that bridge the customer perspective with the financial perspective, such as market share and sales growth
- Measures of cash flow performance

Actions aligned with this perspective typically aim to reduce costs or maintain them at a controlled level while simultaneously boosting income. According to Malgwi & Dairu (2014), having accurate and timely financial information is essential for directing an organization effectively. Supplying relevant, prompt financial data to decision-makers supports them in making informed, timely choices that drive organizational success.

2.2.2. Customers Perspective

“How do customers see us?” (Kaplan & Norton, 1992).

The customer perspective monitors the organization's ability to deliver value to its customers and evaluates the satisfaction levels with its products or services. Customer satisfaction serves as a key indicator of the company's performance, reflecting its success in meeting customer needs and expectations. It's evident that the quality of customer interactions can significantly impact the company's profitability (Corporate Finance Institute, 2020).

According to Krylov (2019), it is important for organizations to follow a strategic customer analysis within the BSC framework to identify the key drivers of customer value and understanding how these elements contribute to the organization's long-term goals. By integrating this analysis into the Balanced Scorecard, organizations can prioritize customer segments and tailor their strategies. For instance, evaluating customer profitability helps companies determine which customer groups are most valuable over time, allowing for targeted investment in high-potential markets. Similarly, assessing market share provides insights into competitive positioning and highlights opportunities for growth or differentiation. Customer base composition ensures a deeper understanding of demographic and behavioral trends, enabling businesses to craft personalized marketing and sales strategies. Lastly, measuring satisfaction levels acts as a critical indicator for customer loyalty and retention, offering actionable insights to improve products, services, and overall customer experience (Krylov, 2019).

In the customer perspective of the BSC, managers identify the customer and market segment in which the organization will compete and the performance measures in these targeted segments. According to Kaplan & Norton (1992), the indicators that could be used to measure the performance are divided in two groups. The first one, called “Core Measurement Group” that includes several core measures of the successful outcome of a strategy, like customer satisfaction, customer retention, customer acquisition, customer profitability. The second one is called “Customer Value Proposition” that includes specific measures of the value proposition that the company will deliver to customers in targeted market segments.

For example, a manufacturing company should recognize the fundamental procedures within its customers relation and establish clear objectives for each, such as "Enhance Customer Satisfaction" and "Expand Market Share." Each objective should correspond to a specific metric and target. The metric could be "call center wait times" for the first objective and "market share in a specific segment or region" for the second (Marr, 2024).

2.2.3. Internal-Business-Process Perspective

“What must we excel at?” (Kaplan & Norton, 1992).

Customer-oriented metrics are crucial, but they need to be translated into actionable steps within the company to meet customer expectations effectively. After all, outstanding customer performance stems from the processes, decisions, and actions undertaken throughout the organization. In the Internal-Business-Process perspective, managers should identify the processes that are critical to fulfill customer needs and shareholder objective. Internal metrics for the balanced scorecard should be derived from business processes that have the most significant impact on customer satisfaction—factors like cycle time, quality, employee skills, and productivity, for example. Moreover, companies should identify and measure their core competencies, the essential technologies necessary for maintaining market leadership. It's essential for companies to determine the processes and competencies they need to excel in and establish specific metrics for each (Kaplan & Norton, 1992).

Internal processes play a crucial role in achieving two fundamental components of an organization's strategy. First, they have the task of producing and delivering value to the customer, ensuring that the organization's offerings meet the customer expectations. Second, they enhance the organization's operational efficiency by improving processes and reducing costs, thereby supporting productivity and contributing to financial performance (Sofiyabadi & Nasab, 2012).

Moreover, O'Higgins (2023) underscores the critical importance of robust internal processes in the context of digital transformation. The study highlights that a well-defined business architecture is essential for the successful integration of new technologies and the alignment of

organizational processes with strategic objectives. Effective internal processes not only streamline operations but also create a solid foundation for innovation and adaptability and permits organizations to thrive in dynamic environments.

For example, a manufacturing company should identify the key processes within its operations and set specific objectives for each, such as "inventory costs optimization". Each objective should be linked to a corresponding metric and target. In this case, the metric could be defined as "inventory turnover ratio" (Dubetcky, 2024).

2.2.4. Learning And Growth Perspective

“Can we continue to improve and create value?” (Kaplan & Norton, 1992)

This perspective emphasizes the intangible assets of an organization—namely its human resources, information systems, and organizational culture—to drive sustainable growth and continuous improvement. The Learning and Growth Perspective focuses on ensuring that employees are motivated, skilled, and adequately equipped to support the strategic objectives outlined in the Financial, Customer, and Internal Processes perspectives (Dubetcky, 2024).

As Kaplan and Norton argued, while investments in equipment and R&D are essential, they are not sufficient on their own. Organizations must also focus on strengthening their infrastructure—comprising people, systems, and procedures—if they aim to achieve sustainable long-term financial growth (Kaplan & Norton, 1996).

Three key categories define this perspective:

- **Employee Capabilities:** Organizations must prioritize access to ongoing education and training programs, as well as develop strategies to attract, retain, and nurture top talent within the workforce (Dubetcky, 2024).
- **Information System Capabilities:** Success relies on employees having timely and accurate access to information about customers, internal processes, and financial decisions to enhance decision-making (Kaplan & Norton, 1992).

- **Motivation, Empowerment, and Alignment:** Even highly skilled employees will struggle to contribute effectively if they are not motivated or lack the autonomy needed to make impactful decisions (Kaplan & Norton, 1992).

To effectively implement the Learning and Growth Perspective, organizations must establish clear objectives and employ measurable metrics and target to track progress. An example could be the goal of enhancing employees' skills. This objective can be tracked using specific metrics such as the number of training hours per employee and the percentage of employees participating in training programs, with clearly defined targets set for each (Bernard Marr & Co., 2024).

2.3. How strategy Maps Connect Objectives

The different perspectives and their strategic objectives are integrated and connected in a strategy map. This map provides a structured approach to evaluate intangible assets and articulate strategies through a network of cause-and-effect relationships among objectives. It serves as a common language for leadership teams to communicate the organization's direction and key priorities effectively (Kaplan & Norton, 2004). Starting from the foundation, the framework demonstrates how employees require specific knowledge, skills, and systems (learning and growth perspective) to foster innovation and develop key strategic capabilities and efficiencies (internal process perspective). These, in turn, enable the organization to deliver unique value to the market (customer perspective), ultimately driving increased value for shareholders (financial perspective).

3. Research Methodology

The methodology used in this MFW is qualitative, as data will be analyzed inductively, without recourse to statistical methods (Kaplan, 1996).

The qualitative methodology can be defined as a naturalistic approach to studying social meanings and processes. It relies on interviews, observations, and the analysis of internal

documents and company data to understand organizational behavior in its real-life context (Stanford University, 2025).

Unlike quantitative research, which applies statistical methods to produce generalizable results, qualitative research focuses on context-rich analysis to explore how and why individuals or groups think and act in particular ways (Stanford University, 2025). In the case of this MFW, this approach was especially appropriate, as it allowed the researcher to engage directly with key stakeholders, such as managers and shareholders, and gain a deeper understanding of the company's strategic vision, operational challenges, and organizational culture.

By interpreting their perspectives and decision-making logic, this methodology enabled the development of a Balanced Scorecard tailored to the company's actual needs and priorities, rather than based on abstract or generic models.

The researcher after analyzing the data collected via corporate documents and interviews proposes a BSC and discusses the proposal with the interviewees, adjusting it as needed.

Appendix 1 presents an overview of the interviews. Appendix 2 provides a detailed record of all strategic planning sessions conducted with the company's owners—Riccardo, Fabrizio, Brando, and Gildo Forato. Appendix 3 outlines the revenue and profit trends of Forato S.p.A. from 2018 to 2023, while Appendix 4 breaks down the company's 2023 revenue by sales channels and locations. Appendix 5 illustrates the organizational structure of the company. This structured presentation of data offers a comprehensive view of the company's financial performance and internal organization, supporting the analysis conducted in this study.

4. Report – Forato S.p.A.

4.1. Forato S.p.A.

Forato S.p.A., established in 1962, has been a prominent player in the Treviso (Italy) fruit and vegetable hub for over sixty years. The company specializes in the trading of fresh produce, sourced from both local suppliers and numerous international partners from Spain, Greece, the Netherlands, and South America.

The Treviso fruit and vegetable hub operates almost exclusively on a business-to-business (B2B) basis. Thanks to its operational capacity, strategic logistic position, and the determination of its operators, the “Nordest Mercati” today moves approximately 110 millions kilograms of goods annually (Nordest Mercati, n.d.).

Forato S.p.A.'s primary clients are key players in the medium and large-scale retail distribution sector, including supermarkets and fruit and vegetable retailers. Additionally, Forato cater to businesses in the Horeca sector, an acronym for Hotellerie-Restaurant-Café.

A distinctive feature of the fruit and vegetable market is that transactions and sales occur in the early hours of the morning, when the city is still asleep. To succeed in this competitive environment, Forato S.p.A. must purchase and sell high-quality products at competitive prices to avoid being outperformed by numerous other operators in the market.

Forato S.p.A. also operates two branch locations that, unlike the main headquarters, sell fruits and vegetables directly to end consumers. These branches are specialized also in supplying the Horeca sector, including canteens, hotels, restaurants, and bars.

The company has five main shareholders and employs 36 people across its three locations. Additionally, Forato S.p.A. relies on a cooperative to provide handling services from more than ten operators.

In recent years, Forato S.p.A.'s revenue has seen a slight increase, rising from €20 million in 2019 to €21.3 million in 2023. This growth can be attributed to inflationary pressures, increased sales to existing customers, and the acquisition of new clients.

Regarding the company's bottom line, there has been a notable improvement. The company moved from breaking even in 2019 to a profit of €140,000 in 2022, and achieved a satisfactory profit of €500,000 in 2023, as reported by the management board.

This positive financial turnaround is the result of rigorous cost optimization efforts. For instance, a fourth branch, which was solely dedicated to the storage and ripening of fruits and vegetables, was permanently closed to cut high refrigeration and personnel costs. Furthermore, by maximizing the sales margin and cutting out customers who did not guarantee sufficient profitability, Forato S.p.A. has managed to significantly improve its financial performance.

4.2. Mission, Vision and Values

A company mission is a statement of purpose that distinguishes a business from other firms of its type and identifies the scope of its operations in product and market term and it also reveals the image the company seek to project (Pearce, 1982). According to the owners of the company, the mission of Forato S.p.A. is:

"With over five generations of heritage, Forato S.p.A. distributes premium quality fruits and vegetables to consumers, HO.RE.CA and large-scale retail sectors. The company distinguishes itself from the competitors through its expert commercial consultancy, careful selection of the finest raw materials, and meticulous management of its logistics network."

A vision statement outlines what a company aims to accomplish in the long-term, typically within a span of five to ten years, or even beyond. It presents a picture of what the company aspires to become and establishes a clear direction for shaping and implementing corporate-level strategies (Corporate Finance Institute, 2023). According to the owners of Forato S.p.A., the company vision is:

"To become one of the leading players in Northern Italy by expanding exports, strengthening relationships with medium and large-scale retail distributors, and increasing the company's brand visibility."

Core values are the fundamental principles that drive every action a company takes; they form the foundation of its culture. Therefore, core values are intrinsic and inviolable; they cannot be compromised for convenience or short-term profit. These values often mirror the beliefs and principles of the company's founders (Lencioni, 2002). According to Forato S.p.A's shareholders, the values of the company are:

"Passion, Quality, Excellence, Integrity, Honesty and Commitment to Customers"

4.3. PESTEL Analysis

PESTEL analysis (Political, Economic, Social, Technological, Environmental, Legal analysis) helps organizations identify and understand the external factors that may affect their business environment, allowing them to anticipate potential opportunities and threats and make informed strategic decisions (Corporate Finance Institute, 2021).

Political Factors: There are numerous regulations that govern the production and trade of fruits and vegetables. A key example is the standards set by the Working Party on Agricultural Quality Standards of the United Nations Economic Commission for Europe (UNECE). These

standards aim to facilitate international trade, promote high-quality production, enhance profitability, and protect consumer interests. UNECE standards are widely utilized by governments, producers, traders, importers, exporters, and various international organizations to ensure compliance and maintain quality across the supply chain (United Nations Economic Commission, 2023).

Economic factors: there are multiple variables that can affect this business. According to the Fruit Logistica 2021 Trend Report, inflationary pressures have driven up operational costs for companies in the sector; this includes significant increases in electricity costs, labor costs, storage expenses, and transportation fees, all of which have consequently led to higher product prices (Knowles, 2021).

Vatsa & Renwich (2024) conducted a study in New Zealand in which they analyzed data from 2014 to 2023, covering the prices of 85 food items from 560 retail outlets—including supermarkets, greengrocers, fish shops, butchers, convenience stores, restaurants, and takeaway outlets—across 12 urban areas. During this period, from July 2014 to March 2023, prices for some sweetened and processed foods like boxed chocolates, ice cream, soft drinks, and sports energy drinks increased by approximately 14%. In contrast, prices for certain fruits and vegetables surged by around 45%; this trend is now widespread in many countries and can discourage the consumption of fruit and vegetables (F&V) in favor of frozen and processed products (Vatsa & Renwich, 2024).

Social Factors: Fruits and vegetables are emphasized in dietary guidelines due to their rich content of dietary fiber, essential vitamins, minerals and antioxidants. Numerous studies have linked a low intake of fruits and vegetables to a range of chronic conditions, including cardiovascular diseases, high blood pressure, hypercholesterolemia, osteoporosis, various cancers, respiratory issues, and mental health disorders. Despite growing awareness of the health benefits provided by fruits and vegetables, their consumption among adults remains below the recommended levels (Pem & Jeewon, 2015). In the last decades, we saw a growing preference for locally sourced, sustainably produced and organic F&V, strongly associated with improvements in food quality and health due to reduced pesticides residues and heavy metals compared to conventional food (Hansmann et al, 2020).

Technological Factors: The technological advancement of recent decades has also benefited the fruit and vegetable sector, opening it up to new opportunities and improvements.

An example is that companies in the sector can now collaborate with the e-commerce platforms or develop their own delivery services, extending their reach to consumers who prefer online shopping or who do not want to shop in the physical store.

Environmental and legal Factors: One of the most pressing issues related to fruit and vegetable hubs is the significant amount of produce that ends up being discarded because it goes unsold, as well as the large volume of plastic packaging that is used. There is an urgent need to develop more sustainable solutions to reduce waste, such as finding ways to repurpose overripe fruits and vegetables and adopting increasingly eco-friendly packaging options.

Regarding production, there has been an increase in Hydroponic cultivation, that is a cultivation system where plants grow in a nutrient-rich water solution instead of soil. This method allows for water to be recovered and recycled, with nutrients sourced from various materials, including fish waste. Hydroponics is often proposed as a sustainable solution to combat climate change, minimize environmental damage, and prevent species extinction caused by overexploitation and intensive farming. Additionally, it promotes more efficient use of water, which is an increasingly scarce resource (Vinci, Rapa, 2019)

4.4. SWOT Analysis

SWOT Analysis, acronym of Strengths, Weakness, Opportunities and Treats analysis is a vital tool for organizations to assess their position in the market. It is widely used to examine both the internal and external environments of organizations (Benzaghta et al., 2021). These four components identify internal or external considerations. Strengths are internal elements that aid in achieving organizational goals, while weaknesses are those internal elements that interfere with organizational success. Opportunities, external factors that assist an organization in achieving its objectives, include positive environmental aspects and opportunities to address gaps and initiate new activities. Threats, on the other hand, are aspects of the organization's external environment that act as barriers or potential barriers to achieving its goals (Aldehayyat & Anchor, 2008; Fleisher & Bensoussan, 2003; Lee & Lin, 2008; Shrestha et al., 2004). Figure I presents a summary of the SWOT analysis done for the company.

FIGURE I – SWOT Analysis of Forato S.p.A.'s

Strenghts	Weaknesses
1. Strategic Locations	1. Night Work
2. Experience	2. English Knowledge
3. Commitment to Best Practices	3. Low Management Risk
Opportunities	Threats
1. New Subsidiary	1. Supermarkets
2. Export Manager	2. Weather Events
3. Vertical Integration	3. Logistics
4. New Product Categories	

Strengths

1. **Strategic Location:** The fruit and vegetable hub of which Forato S.p.A. is situated halfway between the Venetian Riviera and the Dolomite Mountain range, being one of the Italian hubs closest to Austria and the Balkans.

2. **Experience:** With over 60 years of buying and selling fruits and vegetables, the company has accumulated extensive expertise. Its long-standing reliability and reputation have established it as one of the leading players in the region

3. **Commitment to Best Practices:** Forato S.p.A. has always placed a strong emphasis on selecting suppliers capable of ensuring traceability and promoting sustainability by reducing plastic packaging. The company is currently working towards obtaining the BRC (Brand Reputation Compliance) Global Standard certification, one of the most recognized certifications for food quality and safety. Achieving this certification will facilitate the commercialization of private-label products for GDO and export markets (Lombardi et al, 2011).

Weaknesses

1. **Night work:** The night work presents significant challenges for companies in the sector, leading to increased operational costs of around 35%, difficulties in communication with medium and large-scale distributors, and a negative impact on generational turnover. Additionally, night work discourages the retention of skilled and talented workers, who often prefer other professions (Fedagromercati, 2023).

2. **English Knowledge:** Limited English proficiency within the commercial department hinders the company's ability to establish relationships with new international partners.

3. **Risk Aversion:** The low risk tolerance of the management team restricts the company from capitalizing on numerous opportunities available in this sector.

Opportunities

1. **New Subsidiary:** The company can expand by opening a branch in the fruit and vegetable markets of Verona or Padova, both cities are in the same region as the company's headquarters. These cities have two of the largest hubs for fruit and vegetable trade in Italy, offering the potential to connect with numerous new clients.

2. **Export Manager:** The potential to hire a new export manager with experience in the sector, to develop new channels and expand international markets.

3. **Vertical Integration:** The company can acquire a company that is upstream or downstream in the supply chain:

- *Upstream Acquisition*, which consists of acquiring a fruit and vegetable producer, can guarantee numerous advantages, such as securing a steady supply of goods at a lower cost. This reduces dependency on external suppliers, enhances control over quality, and can lead to cost savings through economies of scale.

- *Downstream Acquisition*, which consists of acquiring a fruit and vegetables retailer, can give access to new markets or customer bases, facilitating quicker expansion and penetration.

In general, by integrating operations vertically, Forato S.p.A. can reduce transaction costs, avoid markup by intermediaries, and streamline operations, leading to overall cost reductions.

4. **New Product Categories:** The company can expand its product range by adding organic fruits and vegetables to its current offerings. However, to buy and sell organic produce, it is necessary to obtain specific certifications and adhere to established guidelines.

Threats

1. **Supermarkets:** some supermarket chains can pose a significant threat to companies in the sector. These chains, in addition to bypassing the need for a fruit and vegetable intermediary who serves as a link between large-scale retail distribution (GDO) and producers, can also capture a portion of the Forato S.p.A. clientele. They achieve this by offering attractive

promotions made possible by their strong bargaining power and offering numerous retail locations.

2. **Weather Events:** Drought and extreme weather conditions, such as hailstorms and floods, threaten the quality and quantity of production, while also impacting prices.

3. **Logistics:** In the case of perishable goods such as fruit and vegetables, logistics is even more difficult, as conditions of temperature, light and humidity must be respected, from the time the product leaves the field until it reaches the consumer's table (Consentio, 2023). Frequent delays and high transportation costs imposed by carriers can cause significant disruptions in this sector.

4.5. Development of the BSC for Forato S.p.A.

Based on the company documents and interviews with managers, it was possible to understand the company's strategy and identify key priorities and objectives.

In particular, it was possible to identify two strategic themes. The first is related to a Business Development Strategy, as highlighted during the second interview held on October 10th, 2024, the company's main goal is growth, to be achieved by entering new sales channels. This will be made possible through the expansion of the sales team by hiring export managers, strengthening relationships with key players in the sector, and opening a new retail location or establishing a presence in new fruit and vegetable hubs.

The second theme is the Efficiency Strategy. As pointed out by the managers during the second interview, the focus will be on reducing operating costs and improving operations, which is essential to ensure profitability in the fruit and vegetable industry.

To support these themes and the company's BSC, the classic framework was adopted - Financial Perspective, Customer Perspective, Internal Processes Perspective, and Learning and Growth Perspective. This traditional format was chosen because Forato S.p.A. is a profit-driven company, which places the financial perspective at the top of its hierarchy, as it represents the most critical component of the organization's objectives. The classic framework is well-suited to the needs of SMEs, such as Forato S.p.A., as it provides a clear overview of strategic priorities without being overly complex or resource-intensive to implement. At the same time, it offers

the flexibility to be customized according to the company's specific objectives (Dudic et al., 2020).

4.5.1 Financial Perspective

Forato S.p.A. managers outline three financial objectives. The first two objectives are to **Expand Revenue Opportunities** and to **Increase Wholesale Profitability** closely tied to the strategic theme of "Business Development", which the company has set as a priority for both the short and long term. The third objective is to **Improve Cost Structure**, aligned with the strategic theme of "Efficiency", a focus the company has pursued for years. This emphasis on efficiency has played a significant role in achieving the positive financial results reflected in recent years' balance sheets.

4.5.2. Customer Perspective

Forato S.p.A. has been striving for years to deliver exceptional service tailored to the unique needs of each client, as reflected in its mission statement. However, the management recognizes that there is still significant room for improvement in fully meeting customer expectations, as well as numerous opportunities to seize in order to drive further growth.

The strategic objective set for this perspective are: **Achieve Customer Satisfaction and Loyalty, Expanding Sales Channels.**

4.5.3. Internal Process

Forato S.p.A. aims to progress its operations across multiple strategic objectives: **Optimization of Sales and Sustainable Practices, Optimization of Handling Operations, Marketing Strategy.**

If these strategic objectives are achieved the company could drive innovation, enhance sustainability, increase its visibility and reputation among stakeholders, and, most importantly, improve its daily operations. All these efforts would significantly contribute to achieving the financial goals that have been set.

4.5.4. Learning and Growth

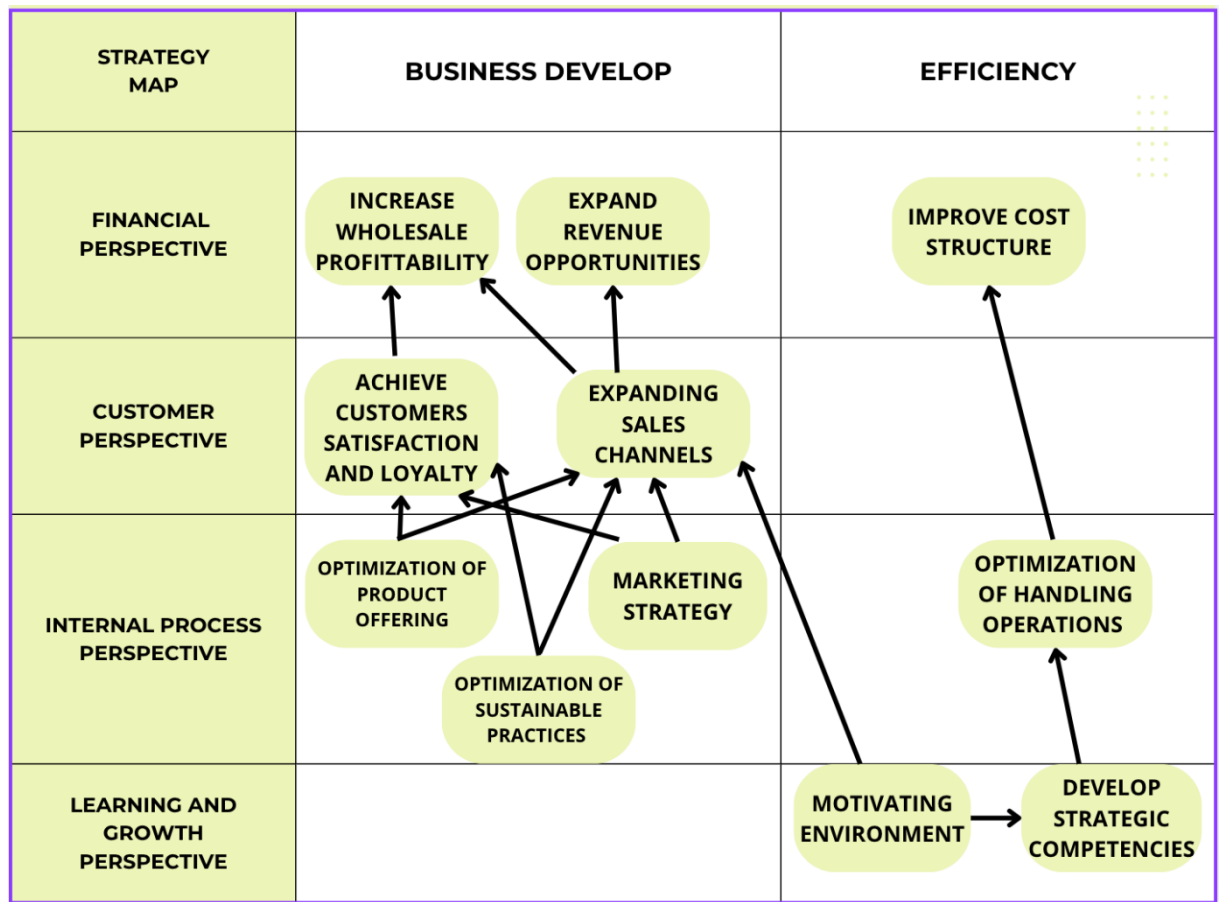
Human Capital is one of the most important assets for creating financial value in a company. Forato S.p.A. has set significant objectives for this perspective, such as create a **Motivating Environment, Develop Strategic Competencies**.

4.6. Strategy Map

In the Strategy Map, several objectives tied to the Business Development strategic theme can be identified. Specifically, starting from the Internal-Process perspective, it is assumed that improvements in **Marketing Strategy, Optimization of Product Offering, Improvement in Sustainable Practices**—through an expanded product assortment, greater attention to waste reduction and sustainability, as well as attracting new customers via social media channels—can contribute to the **Expansion of Sales Channels**.

This expansion will be monitored using specific indicators, including the Customer Outreach Effectiveness (OCE) and Large Organized Distribution (GDO) retention rate, as well as international presence. This, combined with progress in **Customer Satisfaction and Loyalty**, can lead to the **Expansion of Revenue Opportunities** and to **Increase Wholesale Profitability**, which represent two of the three key objectives in the financial perspective.

On the other hand, regarding the strategic theme of **Efficiency**, starting from the learning and growth perspective, it is assumed that creating a **Motivating Environment and Developing Strategic Competencies**—such as implementing bonus, annual salary increases for staff, training, and hiring motivated personnel—could significantly enhance the **Optimization of Handling Operations**. This, in turn, could lead to a reduction in handling costs and workplace accidents, directly contributing to achieving the goal of **Improvement of Cost Structure**, which represents the third key objective within the financial perspective.

FIGURE II – Strategy Map of *Forato S.p.A's*

4.7. Performance Indicators

For each perspective of the Balanced Scorecard, a table is provided outlining the strategic objectives, performance indicators, units of measurement, target periodicity, formulas, individuals responsible for achieving the targets, and the corresponding initiatives.

Table I – Financial Perspective

Perspective	Objective	Performance Indicator	Unit Of Measurement	Target Periodicity	Formula	Target	Controlled By	Initiatives
Financial	F1: Increase Wholesale Profitability							

		Contribution Margin Wholesale	%	Monthly	[Revenues- (Acquisition Cost- Handling Cost- Transportation Cost- Bonuses and Commission on sales)/ Revenues] x 100	11,5%	All departments	More supplier on commission basis, New logistic partners, Trained Handling operators
	F2: Improve Cost Structure							
		% Reduction operational costs	%	Semester	(OperationalCosts2025- OperationalCosts2024)/ OperationalCosts2024 X 100	-10%	Accounting Department	Analysis of cost centers to identify opportunities for optimization
	F3: Expand Revenue Opportunities							
		% Increasing subsidiary sales through Ho.Re.Ca. channel	%	Semester	(Ho.Re.Ca.Sales2025-Ho.Re.Ca.Sales2023)/ Ho.Re.Ca.Sales2023 × 100	+15%	Sales Department	Find local Hotel, Canteen, Restaurant, café to propose the supply service to
		% Growth in sales of high margin product categories	%	Monthly	(HighMarginSales2025- HighMarginSales2024)/ HighMarginSales2024 X 100	+10%	Sales Department	

F1: Enhance Existing Customer Value

- Contribution Margin Wholesale:** The company is successfully achieving its profitability targets in its subsidiaries through the Ho.Re.Ca. and Retail channels. However, its core business remains in the wholesale sector. Management has determined that, to achieve satisfactory operating results, the company should obtain a contribution margin of 15% in the wholesale sector. Unfortunately, the company is still far from reaching this target. In fact, in 2023, the contribution margin in the wholesale sector stood at 8.2%, improving slightly to 9.3% in 2024. For the coming years, the company should aim for a target of 11.5%. To drive improvement, several potential strategies could be implemented, including: Expanding the

supplier base by partnering with more suppliers on a commission basis, Conducting trials with new suppliers to identify more competitive sourcing options, Exploring new logistic partners to optimize transportation and reduce costs, revisiting the product assortment and client offerings to better align with market demand, improving handling efficiency to reduce operational costs, select the customers.

F2. Improve Cost Structure:

- **% Reduction operational costs:** The company's overall performance has improved year after year, a progression partly attributable to a strategic cost-reduction policy. Among the most impactful initiatives were the closure of a facility dedicated to storage and product ripening—due to its significant impact on operational costs—and the shutdown of a retail store (located in Belluno), primarily because of its operational deficit. Management, together with the accounting officer, should conduct a thorough analysis of cost centers to identify opportunities for optimization without compromising the company's operations.

F3. Expand Revenue Opportunities:

- **% increasing subsidiary sales through Ho.Re.Ca channel:** The Asolo and Feltre branches specialize in the Ho.Re.Ca. channel, which represents the most profitable sector for the company. Both branches, supported by their retail segment, have demonstrated consistent growth in both volume and profits over the years. The company should consider opening a third branch or increasing current volumes to further capitalize on this growth. In 2023, Ho.Re.Ca. sales through the subsidiaries amounted to €2.235 million, and the company can set a target of a 15% increase by 2025.

- **% Growth in sales of high-margin product categories:** In the wholesale channel, on certain product categories, such as the exotic fruits, the company achieves excellent margins, sometimes exceeding 25%. Naturally, the company should aim to drive these sales and target a 10% growth for it in 2025.

Table II- Customer Perspective

Perspective	Objective	Performance Indicator	Unit Of Measurement	Target Periodicity	Formula	Target	Controlled By	Initiatives
Customer	C1: Achieve Customer Satisfaction and Loyalty							
		Order Fulfilment Accuracy Rate	%	Annual	[(Correct Delivered Items – Return Items – Unfulfilled Items)/ Total Items Ordered] x 100	85%	Purchasing And Sales Department	Avoid inventory shortage, Attention to the F&V quality
		Average Online Retail Store Review	#	Annual	Average Google Review from 1 to 5	4,8/5 Asolo 4,5/5 Feltre	Subsidiaries	Staff friendliness, More promotions, Care of details
		Customer Loyalty Rate	#	Monthly	(Repeat Orders of a product by the same client/ One month)	4	Purchasing And Sales Department	
	C2: Expanding Sales Channels							
		# New country which the company exports	#	Annual	Count of new countries where the firm markets products	+4	Sales Department	Hire Export manager
		Customer Outreach Effectiveness (OCE)	%	Annual	(Number of positive feedback/Total potential new customer contacted) x 100	40%	Sales Department	Capture the attention of the potential client with email and calls
		GDO Retention Rate	%	Annual	(GDO Customer End 2025 – GDO Customer new 2025)/ GDO Customer start 2025 x 100	+20%	Sales Department	Introduce the company to potential clients, and understand what the client needs.

C1: Achieve Customer Satisfaction and Loyalty:

- **Order Fulfilment Accuracy Rate:** is a crucial metric for evaluating the efficiency and precision with which an organization manages the logistics and distribution of its products. This methodology takes into account several aspects, such as: the number of items delivered correctly and on time, products returned by customers (due to defects, errors, or dissatisfaction), and items that remain unfulfilled due to inventory shortages or logistical issues. The managers of Forato S.p.A. have estimated an Order Fulfillment Accuracy Rate of 75% for orders in the wholesale and Ho.Re.Ca. channels and aim for a 10% increase.

- **Average online review retail store:** The company should aim to obtain more positive reviews in its retail stores each month, which would help attract new consumers. Some initiatives could include increasing friendliness towards customers, offering attractive weekly promotions, enhancing store decor and ambiance, implementing stricter quality control of incoming goods, and introducing a delivery service not only for B2B clients but also for end consumers. The Asolo store should aim to achieve 4.8 stars out of 5 through Google Review (an increase of 0.3), while the Feltre store should target 4.5 stars out of 5 (an increase of 0.4).

- **Customer loyalty rate:** This indicator measures the average number of repeat orders placed by active customers over one month. Clearly, the goal is for customers to reorder each product multiple times within a month, in order to ensure purchasing continuity across all product lines. The average rate—calculated across all customers who purchased the product within the month—should exceed 4. It provides insight into the depth of customer engagement and loyalty, especially within strategic segments such as GDO and Ho.Re.Ca. A higher value suggests stronger commercial relationships and consistent client satisfaction.

C2: Expanding Sales channels:

- **# New country which the company exports:** The company should expand its exports to new countries by hiring a dedicated export manager, who can focus on thorough scouting and business development in Europe, a position currently overlooked by the organization. With its wide range of high-quality “Made in Italy” fruits and vegetables and a strong network of logistics partners, the company is well-positioned to establish supply contracts with retailers across Europe.

- **Customer Outreach Effectiveness (COE):** If the company aims to grow and expand, it is essential for the sales department to dedicate itself daily to finding new customers, both local and international, by contacting them via email or phone calls. The KPI Customer

Outreach Effectiveness (COE) measures the effectiveness of contact activities with potential clients, quantifying the percentage of those who show interest in Forato S.p.A.'s services by requesting a price list or additional information. This indicator is strategic for evaluating the impact of prospecting activities and identifying areas for improvement in the sales approach. The target for the coming years should be set at 40%.

- **GDO Retention Rate:** Sales managers at Forato S.p.A. should aim to work with an increasing number of Supermarkets and Large Fruit and Vegetables Retailers, as they represent the ideal type of customer to drive revenue growth. Currently, Forato S.p.A. has 15 clients generating an annual revenue of at least €200,000 each. The company should aim for an annual GDO retention rate of 20%, acquiring new customers capable of generating this target annual revenue of €200,000.

Table III- Internal Process Perspective

Perspective	Objective	Performance Indicator	Unit Of Measurement	Target Periodicity	Formula	Target	Controlled By	Initiatives
Internal Process	I1: Optimization of product offering							
		# New Product categories	#	Two years	Counting number of new product categories	+3	Purchasing Department	Introduce Organic F&V, Dried fruits
		% Expansion Product lines	%	Semester	$(\text{ProductLines2025} - \text{ProductLines2024}) / \text{ProductLines2024} \times 100$	+10%	Purchasing Department	Offer a larger assortment of products
	I2: Optimization of sustainable practices							
		Fruit & Vegetables Waste Reduction Rate	%	Semester	$(\text{Waste2025} - \text{Waste2024}) / \text{Waste2024} \times 100$	-30%	Sales Department	Donate ripe fruits to charitable organizations

		Sustainability Packaging Index	%	Annual	[(Quantity of plastic crates)/ Total quantity of crates] x 100	30%	Purchasing Department	
	I3: Optimization of Handling operations							
		Headquarter Handling Cost per Kilogram	€	Annual	[(Labor cost + Unloading costs + packaging and pallets + refrigeration costs + equipment maintenance + warehouse rent + others costs connected)/ Total Kilograms of F&V handled]	0,04€/k g	Management committee	Workforce optimization, Employee training, replace outdated refrigeration units, Invest in warehouse management software
		Incident Rate	%	Annual	(Total number of incident 2025/Total number of employees 2025) x 100	8%	Management Committee	Personal protective equipment (PPE), organized workspaces, Training
	I4: Marketing Strategy							
		Conversions Google ADS	#	Annual	Counting number of conversion through Google ADS	50	Marketing Department	Allocate a Budget
		# New Social Media Followers	#	Annual	Counting number of new followers through LinkedIn and Instagram	1000	Marketing Department	Rely on a communication agency that can publish new content and make the social media pages more attractive.

		# Fruit & Vegetables Trade fairs attended	#	Annual	Counting number of Fruit & Vegetables Trade fairs attended	4	Purchasing & Sales Department	Examples: Fruit Logistica in Berlin, Fruit Attraction in Madrid
		# Sponsorship	#	Annual	Counting number of Sponsorship the company does	10	Marketing Department	

I1: Optimization of Product Offering:

- **# New product categories:** The company should consider expanding its product offering. After conducting thorough market and competitor analyses, it has been concluded that organic fruits and dried fruits are the two most promising categories to add to the current assortment. Management estimates that within the region where Forato S.p.A. operates, these categories could achieve satisfactory market penetration, as the organic and dried fruit segments are not saturated and face less competition compared to traditional fruits and vegetables. Introducing new product categories could significantly contribute to the company's growth objectives.

- **% Expansion product lines:** A wide range of products is offered, including oranges, melons, tomatoes, peaches, and pears, differentiated by origin, price, and variety. The goal is to expand the product lines with a broader range of offerings to meet the needs of every B2B customer and the end consumer in retail stores.

I2: Optimization of Sustainable Practices:

- **Fruit & Vegetables Waste Reduction Rate:** Unfortunately, every day in fruit and vegetable hubs across Italy, tons of F&V are wasted. Even minor imperfections, such as slight bruising, damaged skin, or being overly ripe, can result in products being left unsold. Forato S.p.A. should strengthen its relationships with local charitable organizations to ensure that this produce is not discarded, but rather used to help those in need. The company should aim for a 30% reduction in waste in 2025.

- **Sustainability Packaging Index:** Measures the proportion of less sustainable packaging materials (such as plastic and polystyrene) compared to the total packaging used (including more sustainable materials like wood and cardboard). The goal is to encourage a transition toward more eco-friendly packaging to reduce environmental impact. The company estimates its current SPI to be 40%. There is still room for improvement, although plastic packaging is still widely used.

I3: Optimization of Handling Operation and Safety:

- **Headquarter Handling Cost per kilogram:** It refers to the expenses per kilogram incurred by Forato S.p.A. to manage, handle, and store goods within its wholesale headquarters. These expenses include labor costs, the cost of unloading pallets from incoming trucks, the pallets and materials used for shipping goods, electricity for refrigeration, maintenance of forklifts and other equipment, rent for the stands at the Treviso Hub, and other related costs. If the company were to focus on improving the efficiency of these activities, targeting a reduction of €0.02 per kilogram compared to the current cost, operational expenses could be significantly reduced. Potential initiatives could include refurbishing outdated refrigeration units and optimizing the use of space within them, building a motivated and efficient team of handlers, and ensuring that all equipment is fully functional and well-maintained.

- **Incident Rate:** Forato S.p.A. faces a range of risks and challenges related to workplace safety, as it operates in an environment characterized by high logistical activity, the handling of heavy loads, the use of machinery, and direct contact with perishable goods. Except for those working exclusively in office roles, employees are exposed to risks such as musculoskeletal injuries from handling crates and pallets, collisions with forklifts, slips and falls caused by wet or dirty floors, and the effects of exposure to low temperatures in refrigerated storage areas. Forato S.p.A.

is committed to workplace safety, promoting the use of personal protective equipment (PPE), maintaining clean and organized workspaces, and providing staff training on load handling and machinery operation. The company strives to monitor and reduce its incident rate year by year, which stood at 13% in 2023 (5 incident for 36 employees), the target for the 2025 should be 8% and to fall year after year.

I4: Marketing Strategy:

- **Conversions Google ADS:** Nowadays, it is well understood that a company's website is one of its main business cards, and often the first thing a potential supplier or client looks at before engaging with a new organization. It is crucial for the company to continue utilize Google Ads to place targeted advertisements at the top of search engine results, ensuring visibility when potential clients search for terms like "fruit and vegetable wholesaler" in Northern Italy. An achievable goal could be to aim for 50 conversions per year across the Ho.Re.Ca. channel and small and large retail distribution. This would mean that 50 customers, after interacting with the ad, proceed to contact us and make a purchase.
- **# New social media followers:** The company should consider hiring a social media manager or partnering with a communication agency to manage its LinkedIn and Instagram pages. By regularly posting creative content, the objective would be to attract new followers and increasing its visibility in the fruit and vegetable industry.
- **# Fruit & Vegetables trade fairs attended:** Representatives of Forato S.p.A. should participate in the most important fruit and vegetable trade fairs in Europe, including Fruit Attraction in Madrid, which aims to "promote and develop exports at a global level, connecting professionals along the entire value chain." Additionally, they should attend another key trade fair in Berlin, Fruit Logistica, which, as stated on its website, "doesn't see itself purely as a meeting place for contacts old and new. Above all, it is a source of inspiration and a driver of innovation. We cover the entire value chain – from producer to consumer, from point of seed to point of sale." These fairs provide valuable opportunities for networking, engaging with current suppliers and clients, conducting scouting activities, and staying updated on market innovations. Therefore, the company's representatives should commit to attending at least four of these fairs each year.
- **# Sponsorship:** The company has been sponsoring initiatives in the municipalities of Treviso, Asolo, and Feltre for years, such as Christmas markets, running events, and more. This effort is believed to have a significant impact as it helps the company establish deep roots in the territory, fostering a sense of trust and belonging within the community. Additionally, it contributes to the well-being and social development of the area. Through this support for local initiatives, the company aims to demonstrate that it is not solely profit-oriented but also deeply committed to creating a positive social impact. The company should continue along this path and further increase its sponsorship activities in the coming years to strengthen its role as a responsible and community-focused organization.

Table IV- Learning and Growth Perspective

Perspective	Objective	Performance Indicator	Unit Of Measurement	Target Periodicity	Formula	Target	Controlled By	Initiatives
Learning & Growth	L1: Motivating Environment							
		# Company Dinners	#	Annual	Counting the number of company dinner	+2	Management Committee	Christmas dinner, Summer dinner
		# Team Meeting	#	Weekly	Counting the number of team meeting	1	Managers Committee & Department Heads	Once a week to discuss challenges and new projects
		Employee Retention Rate	%	Annual	(Total number of remaining employees 2025/Total number of original employees 2025) X 100	95%	Management Committee	Good Salary, Work Condition, Motivation and Respect
		Salary Increase Rate	%	Annual	[(Salary 2024- Salary 2025)/ Salary 2024] X 100	2%	Accounting, Department	
		Bonuses	%	Annual	Company Profit X (Bonus Percentage/100)	5%	Accounting Department	
	L2: Develop Strategic Competencies							
		# Learning opportunities for staff	#	Annual	Counting number of development program for each employee	2	Management Committee	Accounting courses, English courses, Motivational courses
		# Trained and Hired Handling Operators	#	Three years	Counting number of trained and hired operators	+3	Management committee	Invest in training, offering employment contracts to high-performing individuals

L1: Motivating Environment:

- **Organize company dinners:** In recent years, the idea of organizing corporate dinners has never been considered. However, the management has realized that such events could provide valuable opportunities to create a relaxed and friendly atmosphere among the staff, as well as help resolve any existing disagreements.
- **Team Meeting:** Each department should organize a weekly meeting to discuss any challenges they are facing and work together to propose a mutually agreed-upon solution.
- **Employees Retention Rate:** The company's employee turnover rate is relatively low, with only 5 voluntary resignations out of 36 total employees in 2023, this can be seen as a sign of job satisfaction in the workforce. The company should aim to maintain this positive trend and focus on increasing the retention rate in the coming years to 95%.
- **Salary Increase Rate:** The company should consider implementing an annual 2% salary increase for several reasons, including counteracting the rising cost of living, which has been increasing year after year, and demonstrating care for the well-being of its employees. This salary increase could indirectly contribute to an overall boost in productivity.
- **Bonuses and rewards:** The company should plan to introduce bonuses for all employees, with their distribution based on the achievement of both individual and overall company objectives. Each year, a percentage of the profits should be set aside to be distributed among employees. This initiative is clearly aimed at maximizing employee motivation and engagement.

L2: Develop Strategic Competencies:

- **Growth opportunities for staff:** The company should offer each employee two personalized development programs, such as Italian language courses for foreign staff, refresher training for administrative personnel, motivational workshops for managers, and English language courses for purchasing and sales staff. These initiatives are essential to enable staff to grow, which, in turn, allows the company to grow as well.
- **# Trained and hired handling operators:** The handling service at the Treviso headquarters is provided by a cooperative whose workers are primarily foreign, from countries like India, Bangladesh, and Senegal. The main challenges with this service often stem from

language barriers among workers and high turnover rates. The company should hire the most efficient and willing handling operators and invest in training programs. This approach would help prevent collaboration with unmotivated and inefficient operators who could threaten operations.

5. Conclusion

This MFW develops a BSC proposal for a SME. Past research has shown that the BSC has the potential to serve as a strategic tool for monitoring the company's performance and for envisioning how it could evolve in the future. The BSC can be a valuable and implementable solution not only for large multinational corporations but also for small and medium-sized enterprises aiming to achieve business growth and process efficiency. By aligning objectives across different levels of the organization, the BSC fosters a shared understanding of priorities, ensuring that efforts are focused on the areas most critical to success.

The BSC proposal for Forato S.p.A is based on the analysis of internal documents and interviews with key players in the company. The BSC proposal includes a strategy map, strategic objectives, performance indicators, targets and initiatives. As such, this MFW provides actionable insights that will empower the company to optimize its performance, reinforce strategic alignment, and foster sustainable growth in the competitive Fruit and Vegetables Wholesale sector.

Like all studies, this MFW has some limitations. The first limitation is that the researcher has worked for the company and is related to some of its managers and shareholders; therefore, this proposal may not have the objectivity of an independent researcher.

Another limitation is that the Balanced Scorecard framework was developed based on the perspectives of the company's current management and shareholders. As a result, it may reflect subjective biases and may not fully capture alternative strategic approaches or external market dynamics. In fact, other key stakeholders—such as vendors, supplier and competitors —were not involved. This may limit the completeness of the strategic view and the level of internal engagement during implementation.

An additional limitation is that the Balanced Scorecard remains, as of now, a theoretical proposal and has not yet been implemented or tested in practice. As a result, its real impact on

performance, employee engagement, and strategic alignment has not been observed or validated.

The development of this BSC also contributes to promoting a performance-oriented culture within the company, encouraging data-driven decisions and long-term strategic thinking, especially in a traditionally operational sector such as fresh produce wholesale. Finally, the process of building the BSC, through interviews, analysis, and reflection, has already created value by balancing different perspectives and opening the door to more structured strategic conversations.

Looking ahead, future research could focus on evaluating whether the predefined targets have been successfully met. This would not only provide valuable insights into the effectiveness of the BSC as a management tool but also allow for adjustments and refinements to ensure its continued relevance. Additionally, exploring the long-term impact of the BSC on organizational culture, innovation, and adaptability could provide further opportunities for improvement and growth.

It would also be interesting to conduct a comparative study by applying the BSC framework to other competitors in the same market, to evaluate its adaptability and effectiveness across different organizational settings.

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Appendices

APPENDIX 1 – Overview of interviews

Nr. Interview	Participants	Date	Durations	Functions of Respondents	Location
1	-Riccardo Forato - Fabrizio Forato	05/09/2024	30 minutes	-Purchasing & Sales Manager - Purchasing & Sales Manager	Treviso
2	-Riccardo Forato -Gildo Forato	10/10/2024	45 minutes	- Purchasing & Sales Manager -Shareholder	Treviso
3	-Riccardo Forato -Brando Forato	17/01/2025	30 minutes	- Purchasing & Sales Manager -Subsidiary Manager	Treviso
4	-Riccardo Forato -Fabrizio Forato	27/01/2025	15 minutes	-Purchasing & Sales Manager - Purchasing & Sales Manager	Treviso
5	-Fabrizio Forato	16/06/2025	10 minutes	- Purchasing & Sales Manager	Treviso

APPENDIX 2 - Strategic Planning Session with the owners Riccardo, Fabrizio, Brando, Gildo Forato

First Interview – 05/09/2024 – Duration: 30 minutes- Participants: Riccardo Forato, Fabrizio Forato

1. **What is the company Mission?**

"With over five generations of heritage, Forato S.p.A. distributes premium quality fruits and vegetables to the HO.RE.CA and large-scale retail sectors. The company distinguishes itself from the competitors through its expert commercial consultancy, careful selection of the finest raw materials, and meticulous management of its logistics network."

2. **Define the Vision of the company.**

"To become one of the leading players in Northern Italy by expanding exports, strengthening relationships with medium and large-scale retail distributors, and increasing the company's brand visibility."

3. **How would you define the Core Values of your Organization?**

"Passion, Quality, Excellence, Integrity, Honesty and Commitment to Customers."

4. **What are the Strengths and Weaknesses (Internal Factors), Opportunities and Threats (External Factors) of the company? Tell me three factors for each category.**

4.1 Strength: Strategic Location, Experience and Commitment to Best Practices.

4.2 Weakness: Night work, English Knowledge and Low Management Risk.

4.3 Opportunities: New Subsidiaries, Export manager and Vertical Integration.

4.4 Threats: Supermarkets, Weather events and Logistics.

*Second Interview – 10/10/2024 – Duration 45 minutes- Participants: Gildo Forato,
Riccardo Forato*

5. **What are the critical financial objectives for the next three years?**

"For several years, the company experienced a period of stagnation and challenges. However, following a successful 2022 and 2023, we are now motivated to initiate a transformation. The key focus for both managers and shareholders is growth.

What we, along with the other shareholders, expect first and foremost is to close the upcoming balance sheets with growing profits. This would allow us to finance the projects we have in mind. This goal is achievable if we commit to expanding sales channels and optimizing operational costs."

6. What initiatives could be undertaken to achieve the goal of expanding sales channels?

"To achieve the objective of expanding sales channels, various initiatives could be considered, such as: hiring an Export Manager, opening a third retail point, launching a stand in the Padua F&V Hub, strengthening relationships with large-scale distribution chains."

7. Which goals do you want to achieve in the relationship with your customers?

"Like all companies, our goal is to ensure that our *customers are fully satisfied* with the services we provide. A key measure of success would be seeing a decrease in complaints from the buyers of the companies we supply. Additionally, for our retail operations, an increase in positive Google reviews would be a useful indicator of customer satisfaction".

8. What are the main weaknesses in Forato S.p.A. internal process?

"We are currently addressing several weaknesses in our operations. From a sustainability standpoint, we aim to find ways to repurpose ripe fruits and vegetables that cannot be sold, and we are working to reduce the purchase of non-eco-friendly packaging. Operationally, we outsource our handling services to a cooperative, whose inefficiencies often impact the quality of service we provide to our clients.

Furthermore, we recognize the need to allocate a larger budget to marketing and sponsorship activities to enhance our visibility, connect with new suppliers and clients, and improve the company's overall image."

9. How can you repurpose ripe fruit and vegetables that you are unable to sell?

"If we have fruit and vegetables that are of good quality for consumption but unsuitable for sale, they will be donated to charitable organizations. This is something we are already doing but we want to increase it. We should set a target for the F&V waste reduction each year"

10. Which initiatives do you propose to make the work environment more stimulating and to support the growth of your employees?

"Over the years, we have often overlooked team-building events. We've come to realize that organizing company dinners with the entire staff and creating lounge areas where employees can spend their breaks together are valuable initiatives for fostering a positive and cohesive work environment. These efforts can significantly boost morale and contribute to stronger internal collaboration within the company.

Additionally, to create a more motivating work environment and encourage our employees to perform at their best, we are considering introducing annual bonuses to be distributed to all employees if the company's performance has been positive.

We also aim to offer personalized learning opportunities for our staff, enabling employees to grow while simultaneously allowing our company to thrive."

11. Why do clients choose your company and in which cases do they prefer your competitors instead?

"Our strength lies in understanding the needs of our clients and providing tailored services. However, there are occasions when our customers turn to competitors, often due to our inability to offer certain products or logistical challenges that are beyond our control".

Third Interview – 17/01/2025 – Duration 30 minutes- Participants: Brando Forato, Riccardo Forato

12. After reviewing the previous interviews, I tried to formulate a financial perspective and thought of setting the following objectives: 1) increase wholesale profitability, 2) improve cost structure, and 3) expand revenue opportunities. What do you think? Do you agree that these are the company's main financial goals at this moment, or are you focusing on something else?

“Yes, I think you've correctly interpreted what we told you earlier. As for the first objective, we suggest using an indicator that we constantly analyze to assess our performance, which is the contribution margin”.

13. What could be an ambitious contribution margin target in the wholesale sector for the coming years?

“11.5% seems like an ambitious yet achievable goal”.

14. Regarding the second financial objective I proposed—improving the cost structure—I've linked it to the KPI ‘% reduction in operational costs’. What do you think about this? In your opinion, what would be a realistic annual target for reducing operational costs?

“Yes, as we mentioned before, it is one of our priorities and we should aim for a 10% annual reduction”.

15. Moving on to the customer perspective, I believe your strategic objectives can be summarized in these two points: 1) Achieve customer satisfaction and loyalty, and 2) Expand sales channels. Could you suggest two indicators that could be linked to these objectives?

“For customer satisfaction and loyalty, we constantly monitor the number of repeat orders from key clients as a sign of trust and long-term relationships. Another useful KPI could be the Order Fulfillment Accuracy rate, since monitors the accuracy that we have in delivering the good our customers .

Regarding the expansion of sales channels, a good indicator could be the number of new active clients per semester, especially in the Ho.Re.Ca. segment. We could also track the percentage of customer outreach effectiveness”.

16. What is your current Order Fulfillment Accuracy Rate and Customer Outreach Effectiveness?

“They are currently 75% and 60%, respectively”.

17. How many events do you sponsor each year?

“Approximately 6 or 7”.

18. How many fruit and vegetable trade fairs did you attend in 2024? Do you think it's sufficient, or would it be useful to attend more?

“In 2024, we only attended two fairs: Fruit Logistica and Fruit Attraction. It would be important to participate in new fairs that we haven't attended in recent years”.

19. What has been the incident rate in past years?

“Unfortunately, over the past two years, it has been 13%”.

20. What could make the work environment more engaging and help attract talented professionals to the team?

“Certainly, implementing performance-based bonuses for all employees, ensuring that their salaries can grow year after year, and regularly organizing meetings to discuss the challenges and opportunities they are facing”.

21. What do you think about this draft of the Balanced Scorecard? Do you believe any important indicators have been overlooked?

“I believe it would be important to include, within the customer perspective, a KPI related to GDO retention rate, since this segment is the most critical for growth and profitability. It would also be useful to include, under the internal process perspective, a KPI related to the sustainability of packaging and materials used, as this is still an area for improvement. Additionally, a KPI on handling cost per kilogram should be considered, since we have been working for some time on optimizing this aspect”.

22. Which are the targets for the indicators you mentioned?

“Respectively: a 20% annual target for the GDO retention rate, a 30% annual improvement for the Sustainability Packaging Index (if we consider the percentage of less sustainable packaging over the total), and €0.04/kg as the target for the handling cost per kilogram”.

Fourth Interview – 27/01/2025 – Duration 15 minutes- Participants: Riccardo Forato, Fabrizio Forato

23. After reviewing the Balanced Scorecard proposal presented by the author, what are your thoughts? Does it realistically reflect the direction you envision for the future?

“Tommaso has gained a clear understanding of our strategic objectives for the near future. While some targets may be ambitious, they are crucial for driving meaningful change. We approve his Balanced Scorecard proposal and will consistently track progress to ensure its successful implementation”.

24. What did you learn by the BSC process?

“The BSC process helped us take a step back and look at the company from a broader, more strategic perspective. It made us reflect on our real priorities, and forced us to define clear, measurable objectives in each area of the business. We also realized how important it is to align all departments around shared goals, and how certain aspects—like packaging sustainability or cost efficiency—need more structured monitoring. Overall, it was a valuable opportunity to build a more long-term vision and improve internal coordination”.

Fifth Interview – 16/06/2025 – Duration 10 minutes- Participant: Fabrizio Forato

25. Is missing an indicator that can measure your customers' loyalty to the company.

"Agreed. A very useful indicator—especially for medium and large-scale retail clients—could be one that consider the average reorder rate, calculated across all customers who purchased that product within the month. This would help us understand whether our clients remain loyal to us or tend to switch to competitors based on different purchasing opportunities."

APPENDIX 3 – Forato S.p.A Revenue & Profit Evolution

Forato S.p.A. Revenue & Profit Evolution						
Year	2018	2019	2020	2021	2022	2023
Revenue	19.791.056,00 €	20.065.107,00 €	€ 20.535.668,00	19.394.276,00 €	19.580.236,00 €	21.380.718,00 €
Profit/Loss	100.399,00 €	1.528,00 €	- 144.706,00 €	- 435.824,00 €	147.660,00 €	500.918,00 €

APPENDIX 4 - Forato S.p.A. 2023 Revenues by Canals and Locations

	Wholesale	Ho.Re.Ca.	Retail	Total
Treviso	15.980.292,00 €	/	/	15.980.292,00 €
Asolo	/	1.209.744,00 €	2.335.377,00 €	3.545.121,00 €
Feltre	/	1.140.978,00 €	822.206,00 €	1.963.184,00 €
Total	15.980.292,00 €	2.350.722,00 €	3.157.583,00 €	21.488.597,00 €

APPENDIX 5 – Forato S.p.A Organizational Chart

