



Lisbon School
of Economics
& Management
Universidade de Lisboa

MASTER
ACCOUNTING

MASTER'S FINAL WORK
PROJECT

BALANCED SCORECARD PROPOSAL FOR A SMALL AND MEDIUM ENTERPRISE
"ALGARVE WATERSPORT"

REBECCA ZUG

MARCH - 2023



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**SUPERVISION:
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ABSTRACT

Economic globalization, market growth, the Covid 19 crisis, and upcoming economic difficulties due to the War led companies to face concerns regarding their profitability. In order to be able to keep up with the strong competition and market volatility organizations and their management bodies need management control systems that can help them measure and manage their performance.

In this regard, the Balanced Scorecard (BSC) is a framework that aligns a set of non-financial and financial indicators with the respective strategic objectives of the organization, allowing continuous monitoring and better decision-making. The BSC explains through cause-and-effect relationships how intangible assets can enhance tangible assets, facilitating the coordination and alignment of an organization's strategy with its daily activities.

This Master Final Work (MFW) develops a proposal for a Balanced Scorecard for a small and medium enterprise - Algarve Watersport - which struggles with control problems in its growth. The BSC proposal aims to improve the organization's performance by increasing employee motivation by defining performance measures and goals and improving communication within the company.

Keywords: Management Control Systems, Balanced Scorecard, Strategy, Strategic Map

RESUMO

A globalização das economias, as tendências de crescimento dos mercados, a crise da Covid 19 e as dificuldades económicas da Guerra levam as empresas a terem grandes preocupações com a rentabilidade. A fim de poderem acompanhar a forte concorrência e volatilidade dos mercados, as organizações e os seus órgãos de gestão precisam de sistemas de controlo de gestão que os ajudem a mensurar e a gerir a sua performance.

Neste âmbito, o Balanced Scorecard (BSC) é um modelo que visa alinhar um conjunto de indicadores não financeiros e financeiros com os respectivos objectivos estratégicos da organização, permitindo uma monitorização contínua e uma melhor tomada de decisões. O BSC explica através de relações causa-efeito como os ativos intangíveis podem melhorar os ativos tangíveis, facilitando a coordenação e o alinhamento da estratégia de uma organização com as suas atividades diárias.

O presente Trabalho Final de Mestrado apresenta uma proposta de um Balanced Scorecard para o campo de desportos náuticos e escola do Algarve Watersport - uma pequena e média organização que enfrenta desafios no controlo de gestão na sua fase de crescimento. A proposta de BSC visa melhorar o desempenho da organização através do aumento da motivação dos funcionários por definição de medidas e objetivos de desempenho e da melhoria da comunicação dentro da empresa.

Palavras-chave: Sistemas de Controlo de Gestão, Balanced Scorecard, Estratégia, Mapa Estratégico

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GLOSSARY

AWS – Algarve Watersport

BSC – Balanced Scorecard

CEO – Chief Executive Officer

KPI - Key Performance Indicator

MFW – Master’s Final Work

SM – Strategic Management

SP – Strategic Planning

SWOT – Strength, Weaknesses, Opportunities and Threats

UX – User Experience

1. INTRODUCTION

Due to the general globalization of economies, market growth and current drastic changes in macroeconomic conditions, companies are faced with challenges in controlling their operations, improving their products/services, and keeping up with the competition (Mohammed et al, 2021). Thus, defining a strategy, implementing, controlling, and aligning it with company resources is essential for success. Strategic management involves the formulation and analysis of performance indicators, as well as monitoring and revising the strategy in order to obtain the desired level of performance (Pollanen et al, 2017). The lack of a proper strategy and its constant control is the main reason for many companies' failure.

The Balanced Scorecard (BSC) was introduced in 1992 by Robert Kaplan and David Norton as a management control tool, in order to execute and control the organizational strategy. The BSC allows the visualization of the parameters in real-time analysis, improving response time, and anticipating market changes. The BSC further fills an existing gap in the performance measurement as many top management teams were only focusing on financial results at the time the BSC was developed (Kaplan, 2010).

This Master Final Work (MFW) develops a proposal of a BSC for a small and medium enterprise in the hospitality industry - a water sport school and hostel. The author is working as the CEO at this organization and realized that there is neither a performance measurement system in place nor a strategy articulated in a formal manner. The definition, implementation, and control of the strategy can contribute to the success of the company. To design the BSC the author collected data via observation, analysis of documents, interviews, and surveys. After the analysis of these data, the author created a strategy map and identified a set of performance measures to track the strategic objectives, as well as initiatives that will help the company achieving those objectives and improve performance.

In the development of this proposal the author and the management team already realized the benefits but also the challenges of implementing a BSC. The design of the BSC helped the company to clearly formalize its strategic objectives and performance measures, as well as improved the communication throughout the company. The implementation and control of the BSC will help the organization to stay on and keep

track of its financials, employees, and general course of action and, hence, boost the performance of the company. However, the management team also realized that controlling the BSC might be difficult during the busy season.

2. LITERATURE REVIEW

2.1. The Importance of Strategic Planning (SP) and Strategic Management

Andrews (1980) defines strategy as the pattern that determines and reveals a company's objectives, purposes, or goals and produces the principal policies and plans for achieving those goals. Strategy defines the kind of organization the company intends to be, and the nature of contributions it intends to make to its shareholders.

Hence, strategic planning (SP) is expressed as a well-defined roadmap of an organization, the process of guiding an organization in realizing the envisioned future and creating the necessary developmental procedures, actions and operations that enhance organizational performance. The strategy draws a general guidance a company must follow and is used in the allocation of resources (Wells & Doherty, 1994).

Bryson (2011) argues that SP includes elements such as analysis of the organization's vision, mission, and values; analysis of the organization's internal and external environment and identification of strategic issues based on these analyses; and the formulation of strategies, goals, and plans to address the issues. However Wells & Doherty (1994) note that strategic planning not only creates an organization's vision but also creates a framework for improvement. It also allows managers to learn through performance evaluation or the assessment of challenges affecting the organization. Hence, SP facilitates the analysis and solution of critical problems within the firm.

The importance of SP is explained by Hax & Majluf (1990) as the essential role in leading the organization into the identification of a path that the organization will follow and evaluating its effects. According to Nwafor-Orizu, Chinyere, & Tochukwu (2019) it is necessary to provide a link between organizational objectives and the personal goals of employees and managers because these are the ones that will execute the strategy and accomplish organizational objectives. The planning process provides the organization with a platform to optimize the systems and to achieve the set goals with the application

of organizational values and the main aim of creating a competitive advantage (Wells & Doherty, 1994).

SP bridges the gap between “where we are” and “where we want to be”. Similarly, Poister (2003) defines strategic planning as the process that arises to clarify and convey the mission and vision of an organization, determining key goals and objectives, and developing long-term strategies. This author argues that SP needs to be complemented with strategic management (SM), the process of controlling the strategic plan. Maleka (2014) explains that SM develops a blueprint that the organization uses to ensure that its goals are realized. This is aligned with Poister (2003) who states that SM comprises the constant monitoring and evaluation of the efficiency of the plan’s implementation.

2.2. Management Control Systems and Performance Measurement Systems

Strategic Management is highly dependent on management control. According to Flamholtz (1983), control is the ability to influence and monitor the behavioral attitude of the members of an organization, which allows for greater probability of achieving certain goals. Management control is conceptually defined as the process by which managers ensure that resources are obtained and used efficiently and effectively in fulfilling the goals of an organization (Anthony, 1965).

According to Langfield-Smith (1997) and Simons (1995) management control is the mediating process between strategic planning and operational control. A control system is a tool for implementing the organization's strategy (Simons, 1991). Hence, Management Control Systems (MCS) translate into instruments or systems that aim to induce certain behaviors and decision making in order to achieve the desired level of performance and achieve strategic objectives (Merchant & Van der Stede, 2007).

The key role of MCS has been to align employees' behavior with the interests of the organization (Rosanas & Velilla, 2005). The success in implementing a MCS depends on its suitability to the organization and the way it is used by its employees (Langfield-Smith, 1997). Flamholtz (1996) shares a similar opinion, since organizations integrate people with diverse interests, tasks and perspectives, and MCS allow the interconnection of these interests with the interests of the organization.

Otley (1999) and Khandwalla (1972) highlight the increasing demand for MCS. Due to increased competition and market growth, there is a greater need for rapid adaptation to the environment, thus bringing the need for greater control and monitoring of the performance of organizations through MCS. But to be able to choose an adequate MCS for the organization, it is therefore necessary to know the strategy used (Sandino, 2007).

According to Epstein & Manzoni (1997) the MCS must respect the following points: establish Performance Measurement Systems (PMS) in order to support the strategy implemented; divide performance measures into several levels; and consider financial and non-financial indicators. Ideally the MCS should be a combination of financial and non-financial indicators, that is, a tool that aims to monitor the tasks and that demonstrates organizational strategy (Germain, 2005).

Similarly, according to Gimbert et al. (2010) PMS is a brief and precise set of measures (financial and non-financial) that supports the decision-making process of an organization by collecting, processing, and analyzing quantified data of performance information. Hence PMS are an important component of management control systems.

2.3. Balanced Scorecard (BSC)

"I believe that if you don't measure something you can't manage it."

(KnowledgEquity – Support for CPA, 2021., 00:01:48)

The BSC is one example of a PMS. The BSC was developed by Kaplan & Norton and presented in a 1992 Harvard Business Review article - "The Balanced Scorecard - measures that drive performance".

The BSC, proposed in 1992, was further improved in 1996 when the organizational mission, vision and strategy were considered as central parts of the BSC. Thus, it became possible to have a link between the long-term strategy and the short-term action, allowing the consolidation of indicators within the organization's strategy (Kaplan & Norton, 1996; Cobbold & Lawrie, 2002).

The BSC was defined by its creators as “a set of measures that provide top management with a quick but understandable overview of the business” (Kaplan & Norton, 1992). That is, an overview that allows managers to look at the business from 4

different perspectives and, at the same time, make the connection between these financial and non-financial, tangible and intangible, internal and external, customers and internal business, innovation and learning measures.

Kaplan states in an interview that the problem they addressed was the limitations of the financial statements, which are reporting on past events and especially work well for companies based on tangible, physical assets. However, the most valuable assets in the information era a company has are its people, customer relationships, and innovation. And these “assets” were not reflected in the company’s financial statements (KnowledgEquity, 2022).

Although past performance is usually a good indicator of future results, it cannot be the sole base for measurement. The sole and exclusive use of financial indicators present the following limitations (Niven, 2003):

- i. They are not consistent with current business realities. Intangible assets have become the main drivers of value for a company.
- ii. Running a business by only looking at the past does not guarantee future results.
- iii. They lead to a tendency to strengthen from different areas of organizations.
- iv. They sacrifice long-term thinking. Often when faced with difficult financial situations, companies end up taking decisions that remedy the situation in the short term, but which end up having very negative impacts on the organization in the long term.
- v. Financial measures are not relevant for many hierarchical levels in organizations. These measures tend to be compilations and summarize information at a very abstract level and most employees in the organization need data on individual or team performance in order to take action.

Nevertheless, the financial perspective is still crucial. It accurately measures how well improvements in the other perspectives have worked (Kaplan and Norton, 1992). To better gage a company’s performance, one must balance all areas of the business (Kaplan & Norton, 1996).

According to Norreklit (2000) the BSC is a PMS that encompasses financial indicators, known as lagging indicators, and non-financial indicators, known as leading indicators or drivers. The purpose of using these two types of indicators is to provide a

vision of the current and future state of the company and both complementing each other (Kaplan & Norton, 1992). Norreklit (2000) believes that this combination of financial and non-financial indicators is one of the factors that most distinguishes the BSC from other PMS.

Thus, the BSC emerges as a multidimensional and balanced management framework, drawing the attention of organizations to the importance of identifying the critical processes and linking the indicators used to the strategy (Kaplan & Norton, 1992). Specifically, the BSC embodies the vision and strategy of an organization, through a map where strategic objectives are organized according to different perspectives and each strategic objective is evaluated through specific performance indicators.

In other words, the BSC is a tool that allows managers to keep track of the strategy implementation and thus increases the probability of success (Malmi, 2001). In fact, by providing timely information, the BSC improves the decision-making process and, again, the probability of success. Additionally, the strategy map that comes with the BSC translates the strategy into a visual framework that can easily be understood and communicated (Kaplan & Norton, 2001). The strategy map allows the visualization of the objectives of the organization and their interdependencies. Therefore, the BSC empowers employees to act in line with the organization's objectives.

The strategy map enables an organization to describe and illustrate, in clear and general language, its objectives, initiatives, and targets; the measures used to assess its performance (such as market share and customer surveys); and the linkages that are the foundation for strategic direction. Therefore, strategy is pivotal in the design of the BSC. In this regard, first a company needs to review their mission statement and their core values—"why their company exists and what it believes in". Then, it is necessary to develop a strategic vision, or "what the company wants to become" – e.g., to be the best in the industry by efficiently delivering unprecedented value to customers." And finally, a strategy must then define the logic of how to arrive to that vision (Kaplan & Norton 2000).

2.3.2. Balanced Scorecard Perspectives

In the traditional design of the BSC there are four perspectives for performance management and evaluation: financial (or shareholder) perspective; customer

perspective; internal processes perspective; and learning and growth perspective (Kaplan & Norton, 1996). The BSC requires managers to look at their companies in these four dimensions, so that the evaluation carried out reflects these multiple dimensions that try to mimic the reality (Kaplan & Norton, 1992).

2.3.2.1. Financial (or shareholder) perspective

"How do we look to shareholders?"

This perspective serves as a guide for the other perspectives. As a superior financial performance is still the ultimate objective of any company, all measures implemented must contribute to this end (Almeida, 2011). Thus, financial objectives are essential for the construction of the BSCs, as they represent the results of actions already taken (Kaplan & Norton, 1992). This perspective typically encompasses financial measures, also referred to as lagging indicators since they reflect the results of actions already taken (Norreklit, 2000).

According to Kaplan & Norton the financial perspective can be divided into three dimensions: (1) Revenue growth and diversification e.g., increasing sales, launching of new products; (2) cost reduction and productivity improvement, e.g., optimizing efficiency, streamlining processes; and (3) asset utilization and investment strategy, e.g. efficiency of operational hours.

Niven (2002) lists examples of the main indicators used in this perspective, such as return on invested capital, return on equity, market share, revenue, Economic Value Added and Cash Value Added.

2.3.2.2. Customer Perspective:

"How Do Customers See Us?"

According to the creators of the BSC, the strategy, from the customer perspective, indicates what the company should develop to maximize customer satisfaction and increase customer loyalty. This perspective forces a company to view its performance through customers' eyes. The identification of customer needs is the central element of

the strategy, as it helps the organization identifying internal processes key to improve customer relationships and results (Russo, 2015).

Therefore, it is essential for the organization to be able to identify market segments and target markets (Jordan, et al., 2015). Niven's (2003) states that strategic objectives for this perspective should highlight two aspects: (1) the market segments and target markets; (2) the company's value proposition.

According to Kaplan and Norton (1996) the indicators that should be used to measure the performance are organized into two groups. The first "Core Measurement Group" concerns generic satisfaction indicators applied by an organization such as market share, customer retention, customer acquisition, customer satisfaction, and profitability. The second group "Customer Value Propositions" adds the differentiators of the organization's performance and focuses on creating value for the customer. Its indicators can measure the attributes of customer relationship, product and service attributes, image and reputation. Although each customer values different aspects, according to Kaplan and Norton (2005) most value propositions typically incorporate measures related to time, quality, and price of customer-based processes.

2.3.2.3. Internal Processes perspective

"What must we excel at?"

Customer satisfaction derives from the company's processes, decisions, and actions (Kaplan & Norton, 1992). Hence, the internal processes perspective should identify key processes, decisions, and actions that the organization must optimize in order to continue to add value to customers and shareholders (Kaplan and Norton, 1996; Niven, 2008). Hence, the focus of this perspective is to understand which are the critical internal processes in which companies should excel at, in order to achieve their strategic objectives (Niven, 2003). For Niven (2008) a successful implementation of the Balanced Scorecard in an organization is about selecting and measuring only those processes that lead to the best results for customers, which consequently enable the organization to work towards its mission.

Examples of indicators in this perspective are lead time, bounce rate, capacity utilization rate, resolution time, and number of complaints (Jordan et al., 2015).

2.3.2.4. Learning and growth perspective (Initially innovation and learning perspective)

"Can we continue to improve and create value?"

The learning and growth perspective is the starting point to achieve the strategic objectives in the remaining three perspectives of the BSC (Kaplan & Norton, 1996). The objectives in the learning and growth perspective are oriented towards the technological capital and human capital (Kaplan & Norton, 1996).

Norton and Kaplan (1996) define this perspective as the pillar of any strategy, since it identifies the structure and resources that the organization must build to create sustained growth and improvement in the long term, allowing the support necessary to achieve the objectives of the remaining Balanced Scorecard perspectives.

Kaplan and Norton (1992) argue that only through the ability to launch new products, creating more value for customers and continually improving the efficiency of operations, a company can enter new markets and increase revenues and margins.

In this perspective, indicators commonly used are employee satisfaction index, number of hours of training, rate of employee turnover, productivity, number of qualified employees, and the number of computerized jobs (Niven, 2003; Kaplan & Norton, 1996).

3. RESEARCH METHODOLOGY

The methodology chosen for this MFW is a qualitative methodology, since the MFW will explore a phenomenon in an organization and a solution will be proposed for a problem encountered (Saunders et al, 2019, Hlady-Rispal & Jouison-Laffitte, 2014). Given that it will be a qualitative study, it should be emphasized that the data will be analyzed inductively, without recourse to statistical methods (Kaplan, 1998).

This MFW can also be considered as an Action Research project as the researcher is an active participant, who can influence or be influenced by the research environment (Nogare, 2006). Action Research is a form of investigation often used to solve organizational problems in cooperation with the researcher (Kaplan, 1998).

In this MFW the researcher is going to propose a solution (BSC) for a problem of the organization. Specifically, the problem in this organization is the absence of a strategic

management model and performance measurement system. The researcher is the CEO of the company in question, which allows a deeper understanding of the topic, facilitating contact and interaction with employees, the owner, and the different departments. It furthermore allows the researcher access to internal information necessary for the elaboration of the BSC proposal. Within this Action Research, data was collected through observation, analysis of documents, interviews and surveys, and a workshop. During the observation process the objective was to analyze the behavior of employees, customers and the processes being used. While analyzing the documents, the researcher had access to materials that have not yet received an analytical treatment (Gil, 2002). In the scope of this study the researcher has consulted the financial statements, marketing KPI's, other documents of the company, and external market research. The author also used semi-structured interviews, surveys, and workshops to collect data from key informants in the company. The interviews, surveys, and workshops time frame is presented in Appendix 1.

There were two phases of data collection using interviews, surveys, and a workshop. The purpose in the first phase was to obtain relevant information for the elaboration of the strategy and design of the BSC. The author has created an online questionnaire and asked all department heads to fill out strategic planning questions. Not all of the questionnaires were answered. The script of these questionnaires and main takeaways are presented in Appendix 2.

Furthermore, the author had all employees fill out an anonymous employee satisfaction survey on a voluntary basis. About 50% of the employees filled it out. The purpose of this survey was to identify areas of potential growth, personal opinions about the company, and areas for further improvement. The questions of this survey and main takeaways are presented in Appendix 3.

In addition to that the author has conducted a workshop with each team separately: The so called "Start, Stop, Continue" Workshop. The author asked all employees to write down their thoughts on what the company should start doing = start, what the company was doing not so well and should be stopped = stop, and what the company was doing well and the company should continue doing = continue. The findings were discussed with each team. These workshops had the purpose of finding the teams' opinions on what

could be improved, followed by a discussion with potential solutions for the problems identified. Appendix 4 presents the script of the workshop for each department and the main takeaways.

The author also conducted two semi-structured interviews, which were active dialogues with the owner. The first interview served as a strategic planning session, to gather information and to define the mission, vision, values, and strategy of organization.. . The script of this interview and main takeaways are presented in Appendix 5.

The second interview served to validate the proposal of the BSC, prepared with the info collected from the multiple sources. The owner expressed his full approval and agreement on the proposal, without further adjustments.

4. ACTION REPORT – ALGARVE WATERSPORT

4.1. Algarve Watersport

Algarve Watersport is a Surf, Kite, Windsurf, Wake and Stand-Up Paddle (SUP) Camp and School in Lagos, Portugal, with integrated accommodation facilities, founded in 2006. The author has been working for Algarve Watersport since 2012, and is in a management role since 2014. Additionally, since 2016 the researcher is the CEO of the company.

The company started as a one-man show by Daniel Löhe (owner and founder) and has evolved into a business with 60 employees (season 2022). The company's structure is divided into departments and its organizational chart can be found in Appendix 6.

The company's personnel are very dynamic, young, and international. This is mainly because the business is a seasonal business and the company's products are structured around the extreme sports theme. Most of the employees are staying only for the season whereas the department heads and core team have been working in the company for several years. The owner, founder, and single shareholder is residing in Germany. The control of the daily business is in the CEO's hands.

Over the years, the founder Daniel Löhe has given long-term employees the chance to open their own businesses with his financial support and simultaneously further grow his own business. Therefore, a rather complicated structure of companies has evolved.

The company's business type is a holding, situated in Germany with six smaller companies: One one-man company (Unipessoal) in Portugal, four limited liability companies (Lda) in Portugal and one in Austria. There are taxation, legal, and business model reasons for these divisions. The classification of the companies (CAE) are "Alojamento Local, Sports activities, Shop, Snack Bar, Watersports Activities". See Appendix 7 for the structure of the Algarve Watersport Holding.

This MFW focuses on the Alojamento Local and Sports Activities part, called Algarve Watersport (AWS). The growth rate of this company just came off a peak in 2021 as it recovered well after the pandemic. 2022 has been a year of uncertainty and investments for Algarve Watersport. Even though the revenue has risen in a considerable way in 2022 the growth rate after the pandemic peak has been slowing down. It seems like AWS could be in a contraction, however measures will be put into place to move it into a growth state. See Appendix 8 for the Revenue Evolution and Appendix 9 for the Profit Evolution.

Since AWS focuses on a niche in the tourism industry the evolution of the business is referred to as fast growth. Due to the unexpected fast growth and rather casual management style, strategic management tools have yet not been adopted. The company was setting goals and objectives but not in a formal manner, which resulted into a lack of a proper strategic management control system.

4.2. Mission, Vision, and Values

The author has defined the mission, vision, and values together with the owner and the information collected in the questionnaires targeted at the department heads. These statements have not been identified before. The mission statement is a statement of purpose. It describes what the organization does, who it does it for, and how it does it (Wells & Doherty, 1994). Hence the mission of Algarve Watersport is:

"Algarve Watersports guests will receive an all-inclusive water sport and holiday experience in a positive, friendly environment, and with professional and individually customized lessons".

Papulova (2014) states that in the development of a vision statement, the management aims at a statement that is easily understandable, positive, motivational, attractive, challenging, easy to remember and future-oriented. Thus, a vision is an idealized view of where or what an organization would like to be in the future (Taiwo, Lawal, & Agwu, 2016). The company vision is:

“To be the best watersport camp and school, by setting quality standards in teaching and accommodation.”

According to Tarifi (2021) the core values are the values profoundly embedded in the organisation and have guided the operations for a long time, hence they are the heart of the organization. It is essential for the top management team of an organization to agree upon the organization’s core values and build a consensus that influence how people carry out their tasks and roles (Gorenak& Kosir, 2012). Algarve Watersport has defined its core values as:

“Integrity, Honesty, Accountability, Learning, Teamwork, Passion, and Quality.”

4.3. Analysis of the environment

4.3.1. PESTEL Analysis

Analyzing the context in which a business operates is crucial for defining the company’s strategy. A PESTEL analysis was carried out with the objective of understanding the five external factors at the macroeconomic level that influence the company, specifically political, economic, sociocultural, technological, environmental, and legal.

Political factors: Political stability and an image of safety are important factors in the decision-making process of visitors choosing a country to visit. Santos and Moreira (2021) reason that the COVID-19 pandemic has had serious repercussions on the Portuguese tourism system. The fear of traveling combined with the extremely restrictive government measures imposed on the different economic activities have resulted in a fall

of tourism activities. However, government measures have been implemented to mitigate the impacts and have advanced in a faster recovery in more consolidated destinations (Algarve and Madeira). After the pandemic governmental help is still in place with monetary care packages to stimulate and help recover touristic establishments.

Economic factors: According to the World Travel & Tourism Council (2022) tourism in Portugal is set to return to pre-pandemic levels by 2023. Employment in the sector could also exceed 2019 levels and Portugal is set to be the fourth most popular European destination. Growth rates are set to outstrip Portugal's GDP at 3.4% over the next decade with approximately 200,000 new jobs. Portugal is showing a strong recovery of the Covid-19 pandemic and the tourism sector's total contribution to GDP is expected to grow 54.7% amounting to 16.2% of the total GDP. Nevertheless, there is a consensus among economists that the global economy is marching towards a recession due to exogenous shocks. According to Funds Europe (2022) the causes are well-known, including central banks raising policy rates to reduce inflation, an energy crisis in Europe, as well as zero-Covid policies and a difficult property market in China.

Social factors: Social factors are related with a nation's citizens, population, workers, and communities. However, for Algarve Watersport the majority of its customers and employees are not Portuguese. Most of its employees are from Germany, Poland, Hungary, Great Britain, the Netherlands, Austria, and Switzerland. We can conclude that the employees are mostly born in Central European Countries, however its guests mainly come from Western European Countries and are between 25-35 years old. The 2022 annual review of the Employment and Social Developments in Europe shows that young people were among the most negatively affected by job losses during the economic crisis triggered by the COVID-19 pandemic (European Commission Directorate 2022). On average, young people are more likely to face a challenging social and financial situation. These challenges depend on their level of education and on their socio-economic background.

Technological factors: Tourism in Portugal has reinvented itself in the past 10 years. Digitalizing the communication with guests and enhancing paperless processes was crucial in simplifying bookings and internal work processes. This results in reaching more clients and easier future contacts with tools like customer relation systems, direct booking engines, and company apps. Technology changed the way people travel, as it provides

safety, convenience, and fewer touchpoints. Another important factor influencing the tourism industry's technological factor is transport. According to Masterson (2022) the number and prices of flights are edging closer to pre-pandemic levels.

Environmental and Legal factors: The most important environmental factors of the tourism industry are undeniably transportation and tourists' negligence. Portugal takes pride in promoting sustainable tourism as its beautiful nature is also one of its unique selling points. A Sustainable Tourism Plan 20-23 of the "Tourismo de Portugal" shows what Portugal wants to achieve: to position Portugal as one of the world's most sustainable, competitive, and safe tourist destination.

4.3.2. SWOT Analysis

According to Gürel (2017) strategic management consists of the analysis, decisions, and actions an organization undertakes in order to create competitive advantages. In this regard, a SWOT Analysis is a valuable tool as it evaluates an organization's 'strengths', 'weaknesses', 'opportunities' and 'threats'.

FIGURE 1 – SWOT Analysis

Strengths	Weaknesses
1. Human capital	1. Old cars
2. Professional Lessons and Instructors	2. Lack of planning
3. Flexibility	3. Lack of control
4. Diverse and „all inclusive“ Offer	4. Resource Management
	5. Bar
	6. Communication among departments and employees
Opportunities	Threats
1. New Station on Meia Praia	1. Forecasted recession
2. New target countries and markets for kiting	2. Energy Crisis
3. Wakepark as event location	3. Inflation
4. Wakepark full system	4. Uncertain wind and weather conditions
5. SUP	
6. Digitalization of processes	
7. Partnerships	
8. Building of a watersport club eligible for governmental funding and political acceptance	

Strengths:

1. Human capital: AWS core team is a group of hardworking, reliable, innovative, forward-thinking people who have been loyal to the company for years and are absolutely loved by the customers. They are one of the main reasons AWS's customers are coming back. These employees create the "vibe" and make the experience of the customers unforgettable with their personalities.
2. Professional Lessons and Instructors: In comparison to other surf or kite schools in the area (based on customer statements), due to constant training of instructors and the newest equipment, AWS believes that the professionalism of its lessons is a strength.
3. Flexibility: The sports AWS offers are dependent on weather, wind, and wave conditions. It can happen that on some days the booked activities are not possible to be realized. On these days, AWS always offers alternative activities of their repertoire. This means that the customers always have guaranteed "action". But it also means that the office team and instructors have to be incredibly flexible with their time and organizational skills.
4. Diverse and "all inclusive" offer: Guests of AWS usually book a one week camp of seven nights, five days of activities (which can be swapped around on a daily basis) and half board. There are further free add ons included in the package like yoga, wakeboarding, and sustainability workshops. This means that the customers have to take care only of their transportation, but from the moment they arrive to the camp, their holiday is sorted.

Weaknesses:

1. Old cars: The cars of the company are old and therefore don't reflect the standard Algarve Watersport would like to present to its customers.
2. Lack of planning: In the past only the CEO planned the new season in addition to her other winter job. This way the new season was poorly planned and there were no strategic planning sessions taking place. This year a whole team is working all winter to plan the new season.
3. Lack of control: Due to the lack of training of the heads of departments and a casual hierarchy, controlling was lacking. New functions, professional

departments heads, and a clearly communicated report hierarchy will solve this problem.

4. Human Resource Management: In the past, AWS was focused on quantity rather than quality in terms of human resource management.
5. Bar: The financial and marketing potential of the bar has not been fully used, due to the lack of a proper bar head.
6. Communication among departments and employees: Some weekly meetings have been missed by department heads and management due to scheduling difficulties (due to the always changing weather conditions instructors usually only know the day before or even on the same day when and what activities for customers will happen). Additionally, there were not enough meetings between the department heads and their teams to solve and anticipate problems. Some employees have criticized the communication style of some department heads. Those department head's employment contracts have been terminated.

Opportunities

1. New Station on Meia Praia: A wind station on the beach of Lagos, offering windsurfing, wing foiling, and SUP-ing could be a new/better revenue source as the spot is right at the beginning of the beach with a lot of potential for walk ins and can also be seen from the city center.
2. New target countries and markets for kiting: AWS has been focusing on niche markets over the past years regarding target countries. Due to employees from those countries (Hungary, Poland) speaking the languages it has been a great opportunity to stand out from the other schools. However, because of economic changes nationals from those countries are currently not in the position to travel much, therefore the target needs to be shifted to economically more stable countries (e.g., Sweden, Norway, Netherlands, Switzerland).
3. Wakepark as event location: The Wakepark Lagos has great potential to be an event location for weekly and monthly events: Competitions, Music Events, local markets. The space and employees are there, it only has to be used more efficiently and wisely and promoted and planned in a timely manner.

4. Wakepark full system: The Wakepark Lagos currently operates a 2.0 system, a system that pulls on 2 poles, back and forth. This system is a great playground, if living in the city, but not necessarily attractive for a wakeboarder to travel for. The vision is to build a full system, a system that consists of 5 poles where the wakeboarder can ride continuously, for national and international recognition. The Wakeparks with a full or also so-called round system, are bigger and offer therefore the space for more and sophisticated obstacles and lines (the path of a wakeboarder riding through the set obstacles).
5. SUP: Due to some bureaucratic changes in the past year AWS did not receive the license to be able to offer SUP tours around the cliffs of Lagos. The AWS management team is working hard on standing out from the other schools (as the licenses are given out to a limited number of schools and the application process is a competition regarding safety, experience, and sustainability).
6. Digitalization of processes: The company faced problems to find a booking system that deals not only with the accommodation but also with activity operations. This system was finally found. Currently the company is working on implementing it in all processes and integrating it with accounting systems and other IT systems. The use of a single system will simplify processes, save time, help tracking, give better reports, and make the lives of employees and guests much easier.
7. Partnerships: Working with partners on a commission base is an easy way to broader reach and visibility. AWS will work with partners specially in the low season when booking numbers can still be enhanced.
8. Building of a watersport club eligible for governmental funding and political acceptance: The president of Camara Municipal de Lagos has recommended AWS to open a club or association to be able to be eligible for governmental funding as AWS would like to go forward with the full system for the wakepark.

Threats

1. Forecasted recession: Mentioned in the PESTEL analysis.
2. Energy Crisis: Mentioned in the PESTEL analysis.
3. Inflation: Mentioned in the PESTEL analysis.

4. Uncertain wind and weather conditions: AWS offer is dependent on weather, wind and wave conditions which are crucial for watersports. For example, only if there is wind a kite lesson can happen. 2022 was a relatively poor year wind wise, this had a huge impact on the profit and profit margin of the kite department.

4.4. Development of the BSC for Algarve Watersport

4.4.1. Strategy Formulation

Developing a strategy involves responding to different challenges such as how to grow the organization, please customers, outcompete with rivals, respond to a changing market environment as well as the achievement of strategic and financial objectives (Tapera, 2014). According to the first phase of data collection which included an active dialogue carried out with the company's owner, surveys with all heads of departments, questionnaires with the employees and workshops, it was possible to understand which main priorities and critical processes are important for performance improvement and therefore resource allocation, prioritization, organization-wide alignment, and validation of business goals.

The following topics were identified in the first phase of data collection:

- Profit growth
- Improve customer satisfaction
- Improve employee satisfaction
- Cost efficiency
- Improve operational processes
- Increase asset utilization
- Improve marketing strategy
- Provide a motivating environment for employees
- Talent retention
- Improve quality control
- Improve customer relationship and feedback communication
- Attract new customers

Based on these topics it is possible to identify two strategic themes. Themes affect all four of the balanced scorecard perspectives and are the areas in which the organization must excel at, in order to achieve its vision. A theme related with a **Productivity Strategy** with objectives like improve cost efficiency, increase asset utilization, customer satisfaction, operational process optimization, efficient innovation projects, talent retention, and a motivating environment for employees. And another theme around a **Growth Strategy** with objectives like attraction of new customers and an improved marketing strategy. Both these strategic themes should lead to profit growth.

4.4.2. Perspectives and strategic objectives

According to the literature review, information collected in the first stage of data collection, and documents consulted, the traditional hierarchy of perspectives was adopted: Financial perspective, Customer perspective, Internal processes perspective, and Learning and Growth perspective.

4.4.2.1. Financial Perspective

As Algarve Watersport is a for profit company the financial perspective is the first in the hierarchy of the BSC. Kaplan and Norton (2004) say that strategy balances contradictory forces. They argue that investing in tangible assets for long-term revenue growth usually conflicts with cutting costs for short-term financial performance. To balance these effects AWS' strategic objectives defined in this perspective are to **improve cost structure, increase asset utilization** and **expand revenue opportunities**. These objectives will lead to profit growth by enhancing the efficient use of resources and increasing revenues.

4.4.2.2. Customer Perspective

Algarve Watersport's most important stakeholders are its customers. Its mission is about giving its customers an unforgettable experience. Ensuring a win-win relationship is essential for customer satisfaction and loyalty, thus allowing the business to grow in

the long-term. The strategic objectives defined for this perspective are: **Improve customer satisfaction** and **attract new customers**.

4.4.2.3. Internal Process Perspective

AWS' vision is to set quality standards in both accommodation and watersport lessons, but without forgetting the need to increase profit with objectives like enhancing the cost structure. Therefore, AWS strategic objectives defined for this perspective are: **operational process optimization, improve marketing strategy, more efficient innovation projects, and expand technology systems**.

4.4.2.3. Learning and Growth Perspective

Human capital is the main asset for creating financial value in an organization, improving customer experience, and enhancing processes. As such, it is essential to invest in people and in their training, as well as considering their needs. Having a motivating environment within the organization makes it possible to create better customer service and thus obtain more satisfied customers. The strategic objectives defined for this perspective are: Creation of a **motivating environment, talent retention and personal growth opportunities for employees**. The aim is to make employees grow personally and therefore making the company itself grow simultaneously.

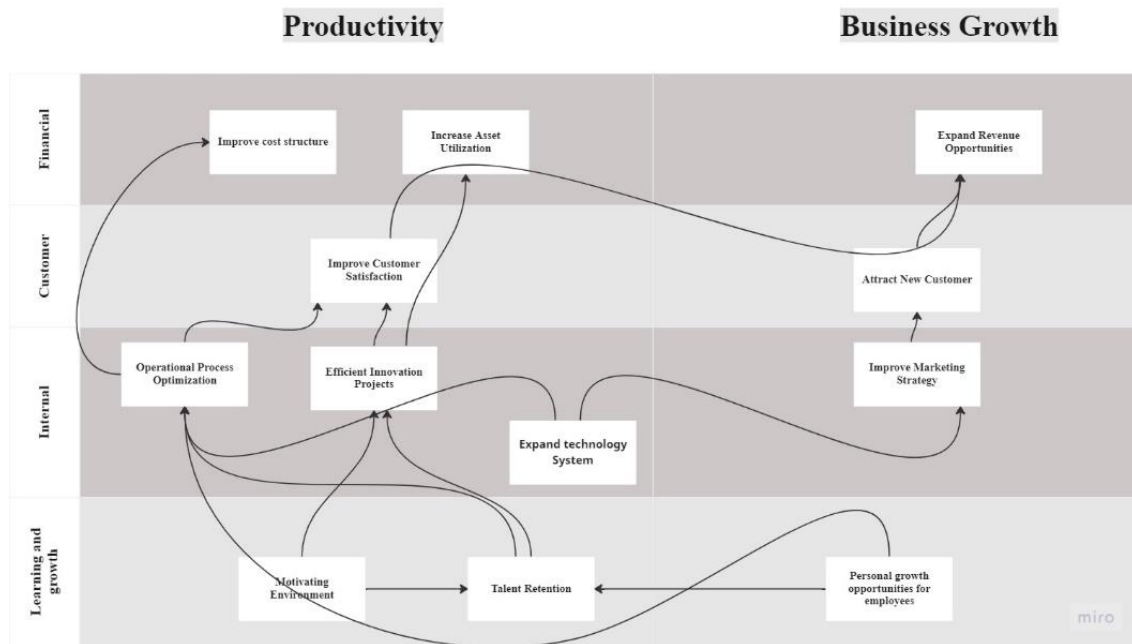
4.4.3. Strategy map

Kaplan and Norton (2004) explain that the strategy map describes the logic of the strategy, it shows the objectives for the critical internal processes that create value, and the intangible assets required to support them. The strategy map shows a logical, cause-and-effect connection between strategic objectives and is used to quickly review how value is created in the company. In other words, which objective leads to the other and how the objectives are interdependent.

FIGURE 2 – Strategy Map

Vision: To be the best watersport camp and school, by setting quality standards in teaching and accommodation

Mission: Algarve Watersports guests will receive an all inclusive water sport and holiday experience in a positive friendly environment and with professional and individually customized lessons



4.4.3. Performance Indicators

The tables for each perspective present the strategic objectives, performance indicators, unit of measurement, measurement frequency, the target, the person responsible, and the initiatives. See Appendix 10 for indicators that were already being used in the company prior to this proposal.

Perspective	Objectives	Performance Indicators	Unit of Measurement	Target Periodicity	Formula	Target	Controlled by	Initiatives
Financial Perspective	F1: Improve Cost Structure							
		Net Profit Margin Increase	%		(Net Profit 2023/Revenue 2023 * 100) - (Net Profit 2022/Revenue 2022 * 100)	5%	CEO	Decrease Expenses, while changing cost structures (e.g. not including food for employees)
		Salary Budget	€	Semestral	Office Salaries + Marketing Salaries + Surf Salaries + Kite Salaries + Wing Salaries + Windsurf Salaries + SUP Salaries + House Salaries + Communal Salaries + Bonuses	144,313.00 €	CEO	Enhance Salary Structure and Hiring process. Hire more professionals, doing more effective work - Thus less employees needed. Algarve Watersport offers also accommodation and food, if the salary budget is met with less employees. It still results in less costs.
		Breakfast Budget per person	€	Weekly + Monthly	€ spent in breakfasts in a given week/total number of breakfasts served in that week	3.25 €	CEO+ F+B Manager	F+B Manager who is responsible for shopping, suppliers, cost control
		Dinner Budget per Person	€	Weekly + Monthly	€ spent in dinners in a given week/total number of dinners served in that week	5.50 €	CEO+ F+B Manager	F+B Manager who is responsible for shopping, suppliers, cost control
	F2: Increase Asset Utilization							
		Maintenance spend	€	Semestral	Total Cost of Maintenance/Total Cost of Goods sold	2%	CEO	Proper maintenances at the beginning of the season of all cars
		Max number of employees	#	Semestral	Max number of employees in August	50	CEO	Multilingual instructors, process optimization, no volunteers but fulltime worker
		Accommodation for staff	#	Semestral	Total number of staff accommodation available	28	Camp Manager	2 people per room. Only accommodation for low wages
		Numbers of dinner for staff provided	#	Semestral	Maximum number of dinners for staff available	20	CEO	no dinner for instructors
	F3: Expand Revenue Opportunities							
		Extending the season	date	Semestral	Extending length of the season	Start: 21.03.-20.11.2022	CEO	Filling longer season up with groups
		Revenue increase	%	Semestral	(Revenue 2023-Revenue 2022/Revenue 2022) *100	15%	CEO	Price increase of 10%, New projects, opening to new markets

TABLE I - Financial Perspective

F1. Improve Cost Structure – To be able to measure the improvements in cost structure the following KPI's were considered relevant:

- Profit Margin Increase (%):** The profit margin shows the percentage of net income AWS makes from total sales. An increase in profit margin would mean that AWS is more efficient at converting sales into actual profit. AWS will need to decrease business expenses, as the gross profit has grown almost parallel to the revenue.
- Salary Budget (€):** Salaries make up the greatest portion of the expenditure. Algarve Watersport has had a salary budget of 144.313 in 2022. The company would like to keep the budget despite the current inflation and plans to improve talent retention. The budget should be met by changing the budget structure. Talents should be retained with a more competitive salary and benefits. Professionals should be hired, whereas process optimization and professionalism would lead to a lower number of employees. Since Algarve Watersport also offers accommodation and food to their employees, fewer

employees will mean lower costs. A variance analysis should be done at the end of the season.

- **Breakfast budget per person (€):** The breakfast budget per person shows how much money is spent on each person having breakfast per day. The breakfast budget for 2022 was 3€ which was not met (3,25€ was the actual cost). The increase is due to inflation. To counter the effect of continuous inflation, AWS has hired an F&B Manager who is only responsible for cost control and quality control in the areas of Breakfast, Dinner, Bar and the Wakepark Kitchen. He will be responsible to strike deals with suppliers, find the best shops to buy the products needed and set up a system of process improvements, for more efficient work. The F&B Manager's salary is a fixed salary plus a bonus, that will be paid if the budget is met and customer satisfaction reaches 90% or higher.
- **Dinner budget per person (€):** The dinner budget per person shows how much money is spent on each person having dinner per day. The dinner budget for 2022 was 5€ which was not met (5,50€ was the actual cost). Inflation and lack of time for controlling these expenses explain this increase. The new F&B Manager should control the budget in 2023.
- **Maintenance expenditure:** This is the amount of costs of goods sold that has been spent on maintenance. Algarve Watersport has high maintenance costs on cars. All customers are driven to the beaches on a daily basis. The car costs of AWS in 2022 were 26.000€, with approximately 20% maintenance costs. This corresponds to a budget of 5.200€ in maintenance costs, which are about 1,76% of total costs of goods sold. AWS has lost its long-term in-house mechanic and is therefore forced to outsource the maintenance. Nevertheless, the management expects less maintenance during the season with proper checkups and services at the beginning of the season.

F2. Increase Asset Utilization

- **Number of employees:** The number of employees should be decreased by hiring instructors, who can teach different sports since due to weather, tide,

and wind conditions it is usually only possible to teach one sport at a given time. Also process optimization and the decision of not hiring volunteers, who only used to work for three days a week, will make the work and accommodation usage more effective. See a proposal for a new organizational structure in Appendix 11.

- **Accommodation for Staff:** AWS is offering free accommodation for their employees, as most of the seasonal workers are there for the experience of a summer abroad. These are mainly foreigners, due to the seasonality of the business. Enhancing staff accommodation is planned during the wintertime, whereas every room will fit 2 people per room. Accommodation will only be available for employees in the lower-wage class, as most employees in the higher ranks are effective and therefore most are living permanently in Portugal.
- **Number of dinners for staff/day:** AWS has also been offering food to its staff. Due to the nature of the business, where close relationships between customers and employees are key, this is important to build those relationships. For instructors dinners have been provided on an extra cost. Due to the fact that the seating areas are limited, and the number of guests is planned to increase, AWS management has decided not to provide dinner for instructors, but only for those in the low wage classes. This will lead to a reduction in the number of chefs needed to prepare the dinners. Even though a slightly higher number of customers is expected, the number of instructors not having dinner will outnumber the first group. But also the increase in camp customers is limited due to the capacity limitations of the camp. Therefore, the attraction of more customers is focused on externals, who are only doing courses and therefore are not served dinner.

F3. Expand Revenue Opportunities

- **Extending the Season:** AWS has extended the season from 21.03.2022 until 20.11.2022. This gives an extra month to be able to generate revenue.

The operation will be set without F&B facilities to minimize costs during that time.

- **Revenue Increase:** Due to the evolution of the revenue in the past years, the changes in pricing and expansion into new markets, but also taking into consideration the economic developments, the revenue increase is set to 15%.

TABLE II - Customer Perspective

Perspective	Objectives	Performance Indicators	Unit of Measurement	Target Periodicity	Formula	Target	Controlled by	Initiatives
Customer Perspective	C1: Customer Satisfaction							
		Customer satisfaction surveyes	%	after every stay	$(\text{Sum of all ratings}/\text{Number of surveyes})/\text{maximum rating} * 100$	95%-100%	Camp Manager	Improve quality of service, improve selection of products
		Number of public complaints received	#	Monthly	Counting number of complaints on all online platforms	0	Camp Manager	Improve customer communication and complaints handling
		Number of internal complaints received	#	Monthly	Counting number of complaints received via phone, in person, e-mail	5.00	CEO	Improve customer communication, quality of service
		Average Online Reviews grade	1 to 5	Monthly	Sum of new Tripadvisor, Google Review Grades/Number of new reviews	5.00	Marketing Manager	Improve quality of service
		Number of New Tripadvisor + Google reviews	#	Semestral	Number of New Tripadvisor + Google reviews	10% of new customers	Marketing Manager	Bonus for name mentioning
		C2: Attracting New Customers						
		Number of New Customer	#	Semestral	Number of new clients	2668	Marketing Manager	Marketing steps

C1: Customer Satisfaction

- **Customer satisfaction survey:** The customer satisfaction survey reflects the quality of service provided. Every customer has to fill out this feedback form before they leave the premises at check out. The customer satisfaction has been steady on 90-95% over the past years.
- **Number of public complaints received:** Online reviews are an important marketing source. AWS sends each client an appeal to review their stay or lesson. Avoiding public complaints is essential. Complaints can be avoided by enhancing the quality of service but also with proper communication with the clients. Because an internal complaint doesn't necessarily have to evolve into an online complaint, when handled with friendliness and care.

- **Number of internal complaints received:** The number of complaints received whether it is due to human errors or due to physical conditions is set at a low level. How these complaints are handled is essential as this is what will stay in the clients head and will be brought forward (worst case online).
- **Average Online Review Grade:** The average grade of an online review portal is an important indicator of the quality of service. It is also important for the visibility of the products/services marketed on those sites and helps the business stand out, e.g. in google searches.
- **Number of new Tripadvisor/Google reviews:** Not only the grade is important on these websites but also the number of recent reviews done as this is used for the visibility of the business and the position number on the list (e.g. Tripadvisor). Therefore, all clients are sent an appeal to write a review. AWS is aiming at reviews of 10% of new customers. AWS has incentivized its instructors to ask for reviews, with providing bonuses for name mentioning in reviews.

C2: Attracting New Customers

- **Number of New Customer:** The number of new clients shows the success of the new marketing strategies in generating new guests. AWS returning clientele is usually around 8% of the overall guests. This relatively low number comes from the business model of AWS which is focused on beginners. Learning a watersport usually takes one or two five-day courses until the person can practice on their own and hence does not need an instructor anymore. The pricing of AWS is also regressive, the more courses customers book the cheaper the daily course gets. Furthermore, when a customer has reached the point of being able to do the watersport independently, s/he would only rent equipment. Returning clients also receive a client discount. Therefore, generating new customers is more lucrative than retaining loyal customers for AWS.

TABLE III - Internal Processes Perspective

Perspective	Objectives	Performance Indicators	Unit of Measurement	Target Periodicity	Formula	Target	Controlled by	Initiatives
Internal Processes	I1: Operational Process Optimization							
		Telephone answering rate	%	Monthly	(Number of incoming calls + number of missed calls) / number of incoming calls *100	100%	Camp Manager	
		Look to book Ratio	%	Monthly	Number of Bookings/Number of website visits	0.001	Marketing Manager	Improvement of UX on website
		Number of requests to number of bookings ratio	%	Monthly	Number of bookings arozen / Number of sent hubspot forms	50%	Marketing Manager	Improve request handling
		Filled out Check Lists Ratio	%	Weekly	Number of Checklists actually filled out/Number of checklists needed to be filled out	100%	Departments Heads	Improve controlling and training
		Number of staff needed for Breakfast	#	Monthly	Number of employees needed at breakfast	2	Breakfast Head	Improve controlling and training
	I2: Effective Innovation Projects	ROI on New Projects: Beach Hut	%	Per Semester	ROI = (Net income / Cost of investment) * 100	10%	Flat Water Manager	New manager for all flat water sports, responsible for quality control, motivation, controlling and training. New sales agent at beach hut. Better planning
		Profitability of Wing Department	€	Per Semester	Net Profit on Wing Department	5,000.00 €	CEO+ Flat Water Manager	
	I3: Improved Marketing Strategy							
		Website Traffic	#	Per Semester	Number of website visitors/season	Total 100k	CEO+ Marketing Manager	Improved Google Ads, SEO, Social Media Strategy
			%	Per Semester	Increase in website visitors from organic search/season	Organic increase 20%	CEO+ Marketing Manager	Improved SEO
			#	weekly	Ads	500	CEO+ Marketing Manager	Improved ads
			#	weekly	Direct	750	CEO+ Marketing Manager	Word of Mouth, returning clients
			#	weekly	Referral	150	CEO+ Marketing Manager	Back Links
			#	weekly	Organic	1100	CEO+ Marketing Manager	Improved SEO
			#	weekly	Social normal	100	CEO+ Marketing Manager	Depending if we have influencers or not
			#	weekly	Social with influencer	1000	CEO+ Marketing Manager	New influencer with strong followship interested in our products
		CAC (Customer acquisition cost)	€	Per Semester	Marketing costs/Number of New Clients	15.50 €	CEO+ Marketing Manager	
		Social Media Followers	#	Per Semester	Number of Instagram followers	11870	CEO+ Marketing Manager	More reels, alignment with strategy, better planning
		Direct Bookings	#	Weekly	Number of direct bookings	100	CEO+ Marketing Manager	Improve UX of direct booking engine
		"Book Now"	#	Weekly	Number of book now button clicked	150	CEO+ Marketing Manager	
		hubspot - form submission	#	Weekly	Number of request forms sent	80	CEO+ Marketing Manager	
		Conversion Google ADS (purchase)	#	Weekly	Conversions through Google Ads	20	CEO+ Marketing Manager	Improve ads, funnel and UX of direct booking engine
	I4: Technological processes							
		Average time of check in	min	Monthly		20	Camp Manager	Including walk around + payment. At camp the personal note and taking time is welcome
		Average time of finalizing cash at the end of the day	min	Monthly		5	Camp Manager	New Cash Log Syssem
		Average Time of end of the month accountings	h	Monthly		8	CEO	Continous invoice processing and collecting of all departments in an organized manner
		Average time of salary processing	h	Monthly		8	CEO	Improved salary processing system
		Average time needed for season report	h	Monthly		40	CEO	Connection of Booking + Accounting System
		Time of planning activities	h	Monthly	time per day for activities planned	4	Camp Manager	Use of session planner in booking system, improved communication with customer

I1: Operational Process Optimization

- **Look to Book:** The look to book ratio can help to understand how effective the website is as a sales tool and how good it is at securing bookings. It shows the comparison of the number of people looking at the website with the number who actually make a booking. AWS has two options for online bookings - direct bookings over the website and sending an email request. When the latter is chosen, the customer can send a request via email, get an offer, and then decide to book.
- **Number of Requests to Number of Bookings Ratio:** This indicator shows the ratio of how many requests sent via the request form on the website (Tool used: Hubspot) ended up in an actual booking. It shows the effectiveness of the e-mail sent by the staff in clinching bookings, when the interest of the client has already been secured.
- **Number of staff at breakfast:** AWS believes that with the improvement of processes and better controlling of the F&B Manager the number of staff needed for breakfast can be cut down to two employees per shift.
- **Filled out Check Lists Ratio:** AWS has created check lists for every shift to improve the processes and quality of work. These check lists must be filled out daily by each department. The ratio shows the amount of check lists actually filled out and therefore the thoroughness of the work by the employees and control being done by the department heads.

I2: Effective Innovation Projects

- **Return on Investment of Beach Hut:** The Beach Hut is a new project of AWS, specifically a rented wind station at the Meia Praia Beach. The project was launched without preparation due to unclear negotiations with the landlords of the Hut. It was open for 2 months and then had to close due to bureaucratic problems. For the 2023 season, AWS is preparing it administratively, HR and equipment wise. A return of investment of 10% is expected.

- **Profitability of Wing Department:** The Wing department was launched for the summer season of 2022. Being a new sport activity/service provided it is a new source of revenue. This department was already profitable in the first season and in 2023 the expectation is to increase profits by improving marketing and operations.

I3: Improved Marketing Strategy

- **Website Traffic:** Website traffic, specifically the number of visitors on the website, shows which digital marketing strategies are working. AWS works with Google Ads, social media, and website referrals. Therefore, it is important to see from where visitors are coming and identify successful strategies and campaigns. Continuous tracking is essential. AWS is also working with influencers. Tracking website visits received from their accounts show how effective they are and if it makes sense to work further with them.
- **Customer acquisition cost:** The customer acquisition cost shows how much money is spent on acquiring each new customer. This is relatively low for Algarve Watersport (15,50€), as the average spending of a customer is at 658€. The customer acquisition cost is calculated with the following formula: $\text{Marketing Costs} / \text{Number of New Customers Acquired}$.
- **Amount of Instagram Followers:** AWS would like to double their Instagram followers during the season 2023, the Instagram follower growth rate is a good indicator of whether the company's Instagram marketing campaigns are working, additionally more Instagram followers serve potentially as new customers and is an opportunity to interact with more people.
- **Direct Bookings:** The number of direct bookings over the website is tracked weekly to see the effect of new marketing campaigns and track booking evolution. This indicator shows the effectiveness of the website, booking engine and the user experience (UX).
- **Hubspot form submission:** The number of requests from customers send to the AWS booking office shows how many people have shown interest after

being on the website. The number of hubspot forms sent gives AWS information regarding how people are feeling ready to get in touch with the company and are potentially interested in booking. It also shows the effectiveness of the website and its UX.

- **Google Ads Conversions:** The number of bookings made that came through a google ad shows the effectiveness of each ad campaign.

I4: Technological processes:

- **Average time of check-in:** The new booking system implemented in 2022 (Bookinglayer) has made the booking and check-in processes, as well as the customer communication in general more professional and efficient. Since the system was implemented during the season, not all of its qualities and functions have been implemented. Proper training and deep diving into all functions of the system will have to be done.
- **Average time of finalizing cash, average time of end of the month accounting, Average time of salary processing, Average time needed for season report:** The accounting system will be connected to the booking system, which will help office employees to be quicker and more thorough at the end of the day. The fusion of the Booking system and Accounting system will allow everything to be handled much faster and easier. Up to date reports will be available in real time, which will also help track and control the targets in this BSC better.
- **Time of planning activities:** The most complex part of the company is the coordination of the daily activities. AWS is dependent of weather, wind, waves, and customers in their holidays. Every day is different, timings are changing continuously, and therefore a more efficient system needs to be implemented.

TABLE IV - Learning and Growth Perspective

Perspective	Objectives	Performance Indicators	Unit of Measurement	Target Periodicity	Formula	Target	Controlled by	Initiatives
Learning and Growth	L1: Motivating Environment	Number of team building events per season	#	Per Semester	Number of Team Building events for the whole team	3	Camp manager + CEO	Event planning + shifts and bookings planning
		Number of team building events by team	#	Monthly	Number of Team Building events per department	1	Departments Heads	Events and shift planning
		Team meetings	#	Weekly	Team Meetings	1	CEO+ Department heads	Weekly team meetings with department heads and each department. Weekly team meetings with GM and department heads.
		Salary increase rate	%	Per Semester	Yearly Salary Increase rate for permanent employees	3.50%	Owner + CEO	normally 3% but due to inflation
		Bonuses	#	Per Semester		1/department	Owner + CEO	
		Incentives	#	Monthly	Number of incentive programs per department	2	Departments Heads	
	L2: Talent Retention							
		Employees Satisfaction	%	Per Semester	((Sum of all ratings/Number of surveys)/(maximum rating)*100	90%	CEO	Team building, team meetings, salary increases, improvement of staff accommodation, incentives, improvement of communication
		Ratio of permanent employees	%	Per Semester	Number of employees /permanent employees	50%	CEO	Prolonging the season, offering work in off-season
	L3: Personal Growth Opportunities for employees	Number of learning opportunities for staff	#	Per Semester	Number of trainings per employee	2	CEO	Organizing general and profession oriented trainings
	Growth possibilities	#	Yearly	Number of growth possibility	1	CEO+ Camp Manager	Feedback rounds with department heads to get to know which direction they would like to grow	

L1: Motivating Environment

- Number of Team Building Events:** In the end of the 2022 season, the management has done the “Start, Stop, Continue” continue workshop with each department. Each department was wishing for more team building events where the whole company is together. Therefore, one event will be at the beginning of the season to get to know each other, one before high season as a motivational push, and one at the end of the season as a thank you.
- Number of team building events in each department:** Each department head should organize smaller events with their teams only. One per month.
- Team Meetings:** Every department should have a weekly team meeting. Further every department head should have a team meeting with the management per week. This way continuous communication will diminish problems as soon as they evolve.
- Salary increase rate:** Every permanent employee should have a salary increase of 3,5% in 2023. The normal salary increase rate was 3%, however due to various economic reasons in 2023 the increase rate is set to be higher.
- Bonuses:** Each department head is incentivized with a fixed salary and a bonus at the end of the season if specific goals are met. Either profit sharing bonuses or

goal meeting bonuses are handed out at the end of the season for motivational reasons.

- **Incentives:** Each department should do incentive programs with their teams every 2 weeks. Each department has a budget to use in this incentive programs. The departments have check lists to be filled out daily, where all daily tasks are listed. If the check lists are filled out perfectly, meaning all daily tasks were done, different incentive events (e.g., a common dinner, a boat trip) are granted to that team.

L2: Talent retention

- **Ratio of permanent employees per team:** Because AWS is a seasonal business the number of effective members is relatively low. However, 40% of the staff was already permanent in the last 5 years, which shows a high loyalty and a good relationship between the company and its employees. This ratio is targeted to be kept.

L3: Personal Growth Opportunities

- **Number of learning opportunities for staff:** Each employee staying for more than two months at AWS should have 2 training programs per season - one regarding work safety and another relative to their job/profession.
- **Growth possibilities for permanent members:** Each effective member should have a personal growth possibility per year (e.g., professional training, language school, or driver's license). An employee that grows personally will also make the company grow.

5. CONCLUSION

The economy is currently facing major challenges in terms of globalization, the aftermath of the COVID 19 pandemic, the European war and herewith resulting inflation, further technological evolution, and the challenge to manage intangible assets. In this

sense organizations seek to improve their adaptability and their ability to align their actions to the organizations' strategy (Niven, 2003).

Algarve Watersport did not have any type of integrated management tool or strategic planning or controlling system in place. This MFW elaborates a BSC proposal for this company, as the BSC is an effective tool for performance measurement. To prepare the BSC, internal management documents were consulted, and thorough rounds of interviews, workshops and surveys were conducted. The output is a complete BSC proposal with a strategy map and a set of indicators and targets for 2023.

This BSC proposal can help the company to make a full check up on where the company stands, where it wants to go, and how it will get there. It will also help the company adapting to challenges and fluctuations and will give the management and shareholder a better view and control of the company's operations. Furthermore, the BSC helps the employees not to lose track and the management team to lead towards common goals. Overall, it is expected that the BSC improves the company's performance by facilitating strategy implementation and control, as well as increasing the personal motivation of each employee and, consequently, boosting goal achievement for the whole company and its stakeholders.

Like all studies this Master Final Work has some limitations. The first limitation is the fact that the researcher is the CEO of AWS and hence this proposal may not have the objectivity of an independent researcher. However, the CEO position of the researcher permitted the access to the necessary data for the elaboration of this BSC. Additionally, it was not possible to fully implement the BSC in the time horizon of this MFW. The author also expects some pushback from employees in the implementation of the BSC, as it will be difficult to stay on track during the busy summer months. The department heads have to be briefed and trained properly to be able to take this seemingly additional task on.

In terms of future research, it would be relevant to assess the impact of implementing the BSC in the daily management of the departments and seeing the commitment of employees to meet the established goals and the achievement of the strategic objectives for the company.

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APPENDICES

APPENDIX 1 - Table of interviews and surveys

	Research Instrument	Date	Time
1st Phase	Online Questionnaire of department heads	10.10.2022	1 month to fill out
	Active Dialogue with Owner	15.10.2022 + 15.11.2022	4h each
	Online employee satisfaction survey	01.10.2022	1 month to fill out
	Start, Stop, Continue Workshop with all teams	25.10.2022 + 26.10.2022 + 27.10.2022	1-2h for each workshop
2nd Phase	Interview with Owner	15.01.2022	1h

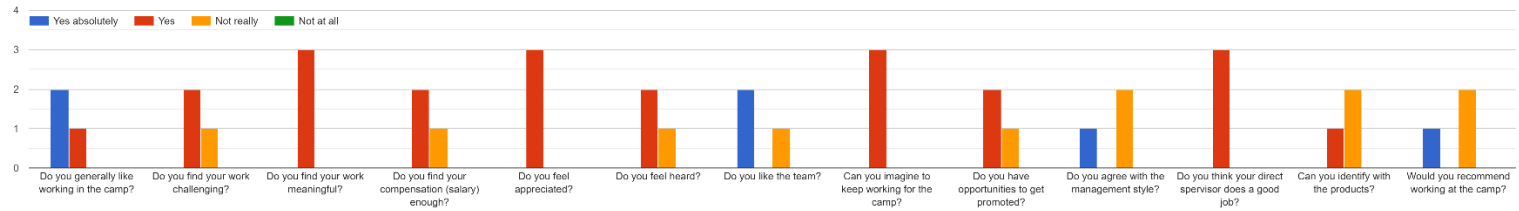
APPENDIX 2 - Strategic planning questions asked to all department heads

Questions	Office	Marketing	Wakepark	Windsurf
What is in your opinion the main function or mission of the camp? What do you believe the camp does?	To bring a range of people together, open minded and welcoming of all, to create a sense of family and warmth, whilst sharing fun and quality service - family, education and fun!	To provide an outstanding service both accommodation and watersport experience. Share the stoke and watersport interests both for tourists and local community, as well as host our guests and make them feel welcome like at home.	Brings people together, and would be cool, if could keep people together	Creating an attractive, comfortable atmosphere for holiday goers while they are trying something out of their comfort zone.
What are the key products and/or services?	Hospitality, education, activity, adventure	Offering accommodation Surfing, kitesurfing , windsurfing lessons	Quality of our activities, Always Action Guaranteed, food, and staff	Activities, Accommodation, Food.
What are the camps strengths and weaknesses?	Strengths- Being flexible and adaptable. Customer satisfaction. Willingness to try new things and provide opportunity and rewards to staff who are working well.	<u>Strengths:</u> We are the biggest, Vibe in the camp, Food, Our general opinion from the guests, Our Lessons quality (surfing is killing it), Communication. <u>Weaknesses:</u> We still think we are a small company, Sometimes Lack of organization both in work as in structures.	The key products are the strength of the camp, that weaknesses, are the vehicles	The main strength is that we could create a "vibe" that makes people regret they are not living like this, or at least makes them want to come back. This involves the quality of lessons, the food is great, and the sort of brash liveliness that the staff creates just by being present. Main weaknesses are transportation and storage.
Where do you see opportunities for the camp's future or threats?	Threats - business expansion whilst maintaining the roots and core/ ethos of the camp. Expansion and development requires change but this can also cause divide between staff.	<u>Opportunities:</u> Grow our schools, maybe even as separate identities to the camp. Winging, especially if we will have Meia praia. Grow our image locally and create communities.		Global warming, energy crisis are threats in general, which will decide the attractiveness of the area and in that the camp's.
Describe the future of the camp. Do you see any change of focus? Any new projects?	Collaborations with external companies or individuals. eg retreat venue , accommodation for events or workshops / seminars for digital nomads - Themes, womens week or women workshops? - ladies surf, yoga days .	Improving the service and sustainability of the camp, get newer better cars, provide better service. New location. Proper watersport center on Meia praia with the shop inside and few boats/ jetskis for support.		
What are the values or guiding principles that should guide behavior in the camp?	Loyalty, family, acceptance, patience, adaptability, team work and ethic, inclusion not discrimination	Respect, Honesty, Can do attitude, Being open and approachable.		Customer oriented, open, team spirit.
Which major processes or systems should be improved to help you better serve your customers and the employees?	Communication and meetings between departments/dept. heads - highlight issues, sticking points, gain trust and respect. Weekly staff evening, monthly team activity/ event such as beach picnics, staff bbq, staff only wake park drink and ride sessions.	I think there is still room for improvement in communication and organization of the camp and its work in all departments. Maybe it would make sense to actually get an outsider opinion as audit and point us in the right direction and set goal.		
If you could change just one thing to improve, what would you change?	Living conditions for staff	Lack of planning , I think this is one thing that we could improve more. Maybe even do a meeting end of the season to set up goals and plan.		

APPENDIX 3 - Employee Satisfaction Survey

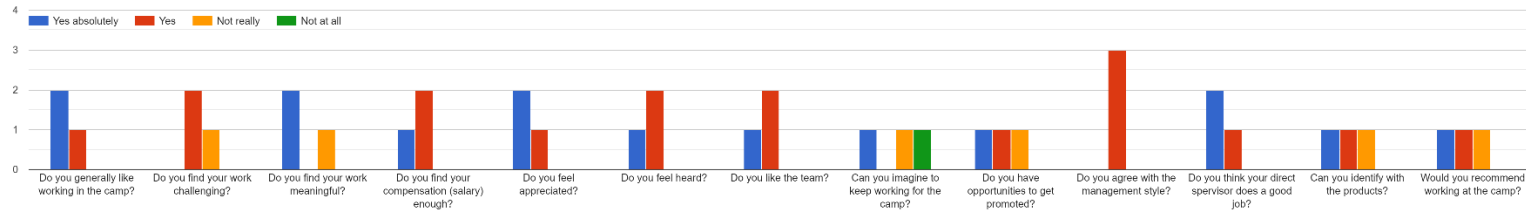
Please answer the questions!

Team Breakfast



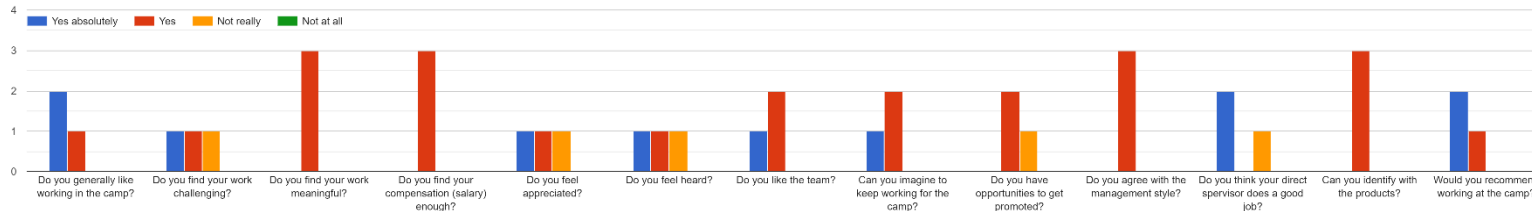
Please answer the questions!

Team Office



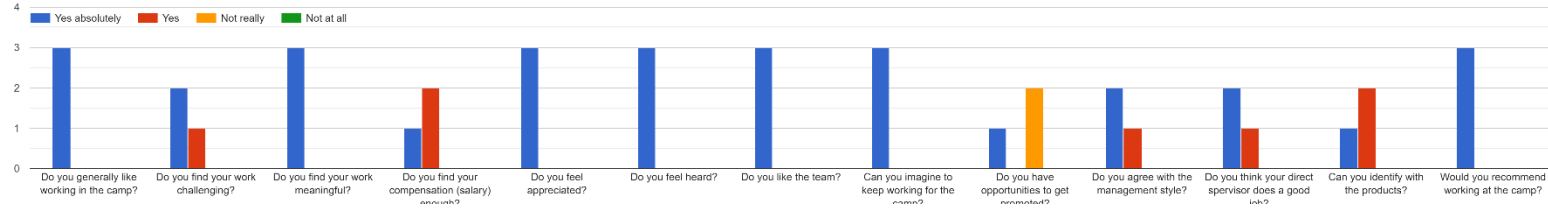
Please answer the questions!

Team Volunteer



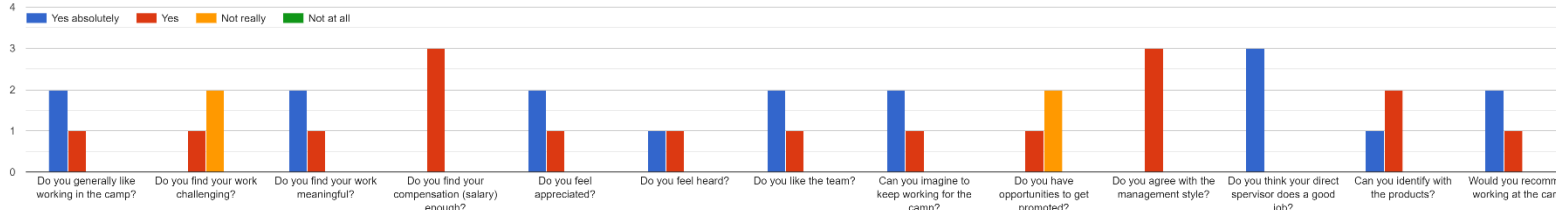
Please answer the questions!

Team Surf



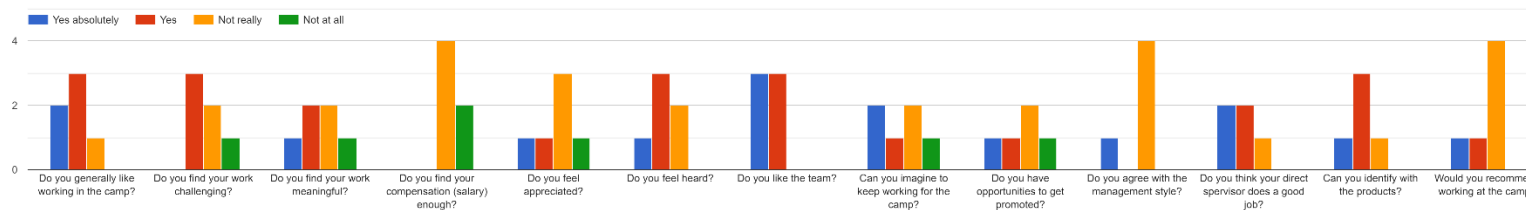
Please answer the questions!

Team Kite



Please answer the questions!

Team Wake



Answers to textual questions. Important and multiple time answered answers are marked red for negative and green for positive answers.

Team	Please explain your negative answers	Is there anybody you did not like to work with? We would love to hear who!	How important is monetary compensation for you? Can you think of another mean of appreciation?	Is there anything you would like us to improve?	What did you like the most while working at the camp?
Team Breakfast		Yes there is	Food for lunch	Lava!!!!	The community
		Matti	Monetary compensation is important to me yet it would be also good to have a better place to live with better conditions	The definition and the clarity of the standards, the goals and the cultural statement the company would like to have could be shared and practice by all staff. Also, a weekly quality control can be done by the manager that the standards are getting accomplished. People with more capacity and skills can be hired to improve the quality of every department and the customer experience. Better living conditions and accommodation.	The freedom and possibility to growth and make the company better. The opportunity to be listen and heard.
			Money is really important. We can enjoy this lifestyle but everybody works for money! And yeah, nice words, respectful, and honourable mention also really important for our soul.		I could use my creativity and I really enjoyed when I saw the smile on peeps face with shiny eyes.
Team Office	I would say the staff recruitment and training could improve, so we can have a better HR and client satisfaction	TRICK	Really important because of the amount of work	Staff HR to avoid problems	Staff feeling like family
			I'm always happy about gifts, but money is the best motivation	staff accommodation	flexibility
			Of course work us work after all and important to balance and pay for what is being committed.	Work equipment - back and postural care items. Staff meetings within office and also team heads?	The vibe, the people, its family and home. Respect from employees ans creating fun and excitement for guests
Team Volunteer	Matti is a nice person and does his job also good in general but sometimes acts a little bit too controlling.	no all sweet	nicer bedrooms, more activities, more freedom in costumizing the camp, more understanding if we ask for stuff	clear shift starting and closing times, LAVA!!!!	the people!!
		Sometimes it can be hard to work with Matti, because he wants to do everything more than perfect and sometimes forget to appreciate your work.		A more detailed and better enrollment at the beginning	How friendly everybody is, you can just do your thing and there is no judgment between the people. And also the food!! Heaven.
				More comfortable accommodation (lava can be really dark, humid and full)	The community. Enjoying being part of the Aws family, meet amazing people and live your summer
Surf		You! (Just kidding lol)	VERY important	More dinner variety than 7 menus	Flexibility and friendship
		No	Cash rules	Cats	Team
		Trick and Mateus	Housing/food/surf/gear	The vans we drive. Adding a woman to the surf crew	We work for a great company and that reflects in the employees. Always great vibes around camp
Kite		The wind this year. She was not very nice to us in the beginning ☹️	Money is what we need. (Unfortunately)	Lot of improvement is already in the making. Keep up the good work! Take good care of some very important people(yourself, Jacob, surfdepartment, office)	The family. Always a place to come home. But also the freedom to make it the way you want.
			Monetary compensation is very important!!		Friends
Wake	at least the accommodations should be better! would be nice if it at least wasn't moldy and that everything should be prepared for rain, ecc. The work in itself is quite OK. It is a nice experience	That is not nice. This question shouldn't be here. Even if I didn't like somebody, it is not okay to call them out.	It is kind of important yes. it doesn't have to be a loot, but more than this for sure. SOO, the accomodation should be much better!!! and the bathrooms to!! no one wants to shower in mold and near dead animals ecc	Yes, accomodation, salary, not getting food poisoning, dirt, animals (not the dogs)	Being somewhere new, learning new stuff, seeing new things
	if the salary is that, the accomodation should at least be better. I think sleeping in lavelas, near the lava outdoor or on the roof is a no-go.	I think Trick has often a negative attitude.	Accomodation	Accomodation	Food in the camp. Little bit monotone in the wakepark.
	Amateur workers expected to do the work of professionals. Also, salary is too low when compared to living situation - this is reflected in the work done throughout the camp.	Badly worded question - instead, departments should have clear division and any issues discussed with superiors. Departments should not step on each other's toes.	Important to cover insurance and life expenses. Other kind of appreciation: food, clothes, rides, flexible hours if there is surf or kite	Less price for bringing family/friends to dinner	THE PEOPLE AND THE SPORT
	People whom with the company since long years, growing, building the company, could grow the same, as the company does! and the years, and dedication, energy, time, would be appreciated! Stability, security!		Very important - if not salary, better living situation, more days off, more freedom and effective use of free time.	Less passive aggression, more direct communication.	Colleagues and location
			Better Accomodation and food, also some kind of contract would be cool	Accomodation and food, dinners are very boring and especially bathrooms for staff are in terrible conditions	the team
			very important!	more diverse food option for the staff!	

APPENDIX 4 - Start, Stop, Continue Workshop: Important and multiple time answered answers are marked.

Team	Start	Stop	Continue
Wakepark	Distinguish tasks of workers - 1 worker for each area	Volunteers for short period (more people wrote that)	Work hard
	Preparation of events long time before	Camp people leaving their shit around	Be flexible
	Make lessons mandatory for camp guests (only if they were riding at this cable before they can go straight to rides - like in kiting with the rentals)	Big mess in trash	Cool team, reliable people
	Team activities, weekly meetings		Food for work, rides for work
	Trash situation - trailer + storage		Parties
	Professional people		Outside bar at parties
	Communication between the areas		Competitions
	More competitive wage (more people wrote that)		Communication on eye level - friendly - family level - really nice to be asked how we are on a daily basis - good family feeling and motivation (more people wrote that)
Volunteers	Signs where what is supposed to be in the kitchen and lava	White beddings (better laundry service?)	Freedom at work, creativity required
	More motivating messages	Bad communication, be patient with the new staff members	Having an available spokes person
	Knowing who is working here - wrist bands? Staff shirt	plates for soup in normal dinner plates	Motivation to guests to give reviews
	Show the new workers how everything works (maybe heads should do it)	Too much different soda/drinks/juices in bar	Meetings with becca (more)
	Sustainable mindset in the kitchen - no paperboxes	Less volunteers, more main staff	Good handling of bad reviews on tripadvisor
	Weekly meetings, meet, discuss, have a drink, team building	Not listening to the app (messages in whatsapp - rather have meetings and consequences for bad behaviour)	cozy atmosphere
	Let staff have 2 days in a row off	No staff in the kitchen	Chilled people
	Team activities to build team spirit - budget for the teams		Say thank you
Surf	Wetsuit corner responsible	Overworking	Good team
	Use of big big boards	Mystic wetsuits for instructors	Flexibility and willingness to plan around requests
	Teaching with advanced boards	German number plated cars (all of them wrote it)	Team Communication
	Storage -> Container	OLD SHIT CARS (all of them wrote it)	Having physio
	Planning people according to tide hours -> at the beginning of the week the instructors can set a maximum number	Rushing with planning according to the lessons (maybe the lists can be done 2 days before?)	Review game
	Changing of dinner menu	Impatient drivers	Restart team building events
	Decent cars	3 lessons a day/1 lesson a day (all of them wrote it)	
Office	Feedback form on tablet in office + motivation for it, give away	Not having days off	Phone automatic responses when office is closed
	Having dinners together sometime + Team meetings	Read messages when off	Bookinglayer
	Show around has to be taught by the office	Be available all the time	E-mail person
	Clear functions/tasks of each shift	Weekend cleaning lady -> Ana coming back	Communication is getting better - lets continue
	Daily check ins with all office girls about:		Professionalism
	Improve communication between office girls and in each persons booking (ask bookinglayer to mark notes more visible)		Smiles and giggles
	Better accounting/controlling system		Counting safe 5x/day
Marketing	More planning	Talking about nothing	KPI's
	Every week meetings, weekly meetings, effective meetings	Not being involved in planning	Social media
	Trying more, new ideas	Making things last minute	Weekly meetings with Adam and Daniel
	Clear instructions	Merci doing everything else than marketing	More reels
	Better communication	Merci doing video analysis	Invite videographers who make 1 nice big video and give us the footage so we can use it for smaller videos
	Performance measures	Putting effort in everything (only things that are valuable for us)	Influencers (NOT THANEE)
	Interviews with Lizi (videos)	Involving more people in sm (instagram access to random people) - special social media person - intern = face (tiktok + insta)	Analysing and improving
Organize sustainability activities		Come up with strategy (but also follow)	
Kite	Get paid when driving down to the lagoon without a lesson	Meetings	JJ as head coach
	Meia P for winging	Bad cars	Dinners for instructors
	Better way to transport paddle boards for winging -> wider roof rack		Wages
	Better cars		Gear
	Trick ready to help at the beginning of the season		Multi instructors
			Team which you can joke with and good work
Kitchen	Build transparency throughout the hierarchy system and organizational culture,	Letting staff in the kitchen during shifts	Bring value to employees with family feeling
	Start being more strict, details and focus on the staff	Waiting energy and time what doesn't improve the base of the company	Give opportunities to grow and build personal success
	Team meetings and buildings		Keep and take care of good and proper people
	Hire professionals for dining area (less staff)		Help your colleagues at all time
	Better cooking conditions, machines		
	Regular team meetings, Team building, Kitchen Meetings		

APPENDIX 5 - Strategic Planning Session with the owner Daniel Löhle

1. Identify Goals and Objectives! What are the priorities? What should the team be focused on? Set SMART (specific, measurable, attainable, relevant and time-bound) goals. Goals can be intangible and non-measurable, but objectives are defined in terms of tangible targets.

1.1. Goals: *Provide excellent customer experience. To be the best multiple watersport camp in the area*

1.2. Objectives:

1.2.1. Profit: 5% as living costs will even get higher and we cannot cut costs in salaries, so it will be super difficult to cut costs in general, maybe through a different cost structure. We believe to be more profitable we have to set higher prices and find other markets.

1.2.2. Revenue: Due to the economic changes and situations a revenue growth of 15% is reasonable.

1.2.3. Customer Satisfaction: 90%

Customer satisfaction survey needs to be filled out in the office via Tablet - https://docs.google.com/forms/d/1BY7jGdbz_jMPZIIqAHiGFoZbJLoKapvt2VOCbp2dY6U/edit?usp=forms_home&ths=true

Customer Satisfaction: Reduce e-mail answer time to max 5h, Cleanliness - check up on cleanliness before guests are arriving (new cleaning lady), Make it clear who is staff, More space in the shade in garden, More space at dinner time to eat

1.2.4. Staff Satisfaction: 80%

<https://docs.google.com/forms/d/1CDn3qtWqaW5TA4CZl6L0qW04rVRwObd191oHsB5QQ3s/edit>

Employee satisfaction: Improve accommodation, Improve salaries for key positions, No more volunteers, Hire professionals, Monthly Team Meetings with Becca. Weekly Meetings with departments heads + monthly meetings for the whole team + Becca

1.2.5. Growth Possibilities

Partnerships: Acquire partners in town for more external customers. As the camp is on its limits we can only grow with externals. Establish partnerships with local ticket shops, hotels for external clients. Establish partnerships to fill up the camp in low season. Kite, new markets, new countries, Northern European countries. Other: Wing, Windsurf hut, Wakepark, Long Term Goals:

2. What's the companies vision? *To be the best watersport camp and school, by setting quality standards in teaching and accommodation*

3. Define the mission of the company. *Algarve Watersports guests will receive an all-inclusive water sport and holiday experience in a positive, friendly environment and with professional and individually customized lessons*

5. How would you define the Core Values of your Organisation? *Integrity. Honesty. Accountability. Learning. Teamwork. Passion. Quality.*

5. What are the Strengths and Weaknesses (Internal Factors), Opportunities and Threats (External Factors) of the company?

5.1. Strength: human capital, lessons - instructors professionalism, flexibility, diverse offer, all inclusive, vibe and lifestyle

5.2. Weakness: Cars, fast growth, chaotic, controlling, resource management - focus, Bar, communication between departments and employees, -> training for head of departments -> controlling + systems, Windsurf Department

5.3. Opportunities: Kiting on Meia Praia, new countries, new markets – USA, Beach hut, Wakepark, SUP, Partnerships (city, workshops), Club.

5.4. Threats: Economical crisis - Higher Prices, new Markets (Scandinavia, Northern Europe, Energy Crisis, Inflation, no wind

6. Define your Functional Strategies.

Lagos Watersport Club - Camara

Kite: Improve margin, 20k Equipment Budget, Cut Costs, Wider market, BB talking, Wakeboarding (Riding with Kiteboards at the cable), no wind alternatives, AAG, better marketing for externals, Bitcoin Hut. **Surf:** different beaches, with Alex to go to different beaches, more instructors (Girls - Noemi?), cars, instructors have to be able to teach 2 sports. **Windsurf:** beach hut, better orga, head JJ - profit sharing, quality control, Southcoast Controller. **Sup:** license, back to business. **Wing:** Promo,

Breakfast: keep up, F&B Manager (Breakfast, Dinner, Bar, Wakepark), Boni for Customer Satisfaction - Profit?. **Dinner:** keep up, HACCP. **Bar:** more profitable. **Office:** process optimization

7. Define your Change strategy. The change strategy ensures that you are able to adapt to changes in environment and understand the changes.

7.1 Cultural change strategy: Entering new markets, organizational changes - make sure the team is not overwhelmed with your growth - maximizing efficiency, Beach hut, Business process management + improvements - make it more effective (understanding strength and weaknesses, bottlenecks) - to make sure we can actually achieve our goals and objective, Planning, Office processes, Controlling: BSC

8. Integrate technologies with integrated business processes – define your digital strategy

Integrated business processes, data sets - digital strategy, Combine Bookinglayer + quickbooks or another accounting system, hubspot + marketing systems

9. Understand and define your Human Capital Management – how to find the right talent a keep it? Effective HR processes for employee experience, find the right talent and keep it (recruiting, onboarding, performance management) – automatization. Employee satisfaction Survey. Employees for key positions. Fair salaries + Benefits, all year contracts for key positions; Accommodation; minimize volunteers; Monthly motivation; Bonuses for key Positions

10. Data Management:

Use data more effectively, BSC for controlling, performance measurement. Market data for change strategy. Accounting data connected to bookings.

11. What are the most relevant initiatives to increase customer satisfaction? Professional Lessons. Easy, chilled vibe. Clean + Comfortable Accommodation. Good, healthy food. Always Action Guarantee

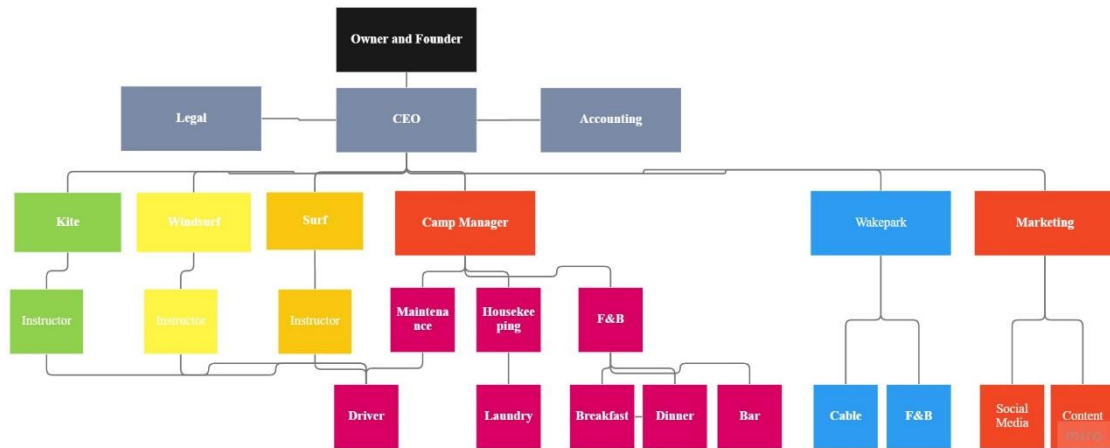
12. What types of complaints are most common and how are they handled? Cars – Renewal, maintenance

13. Is there any performance measurement system currently being used? No

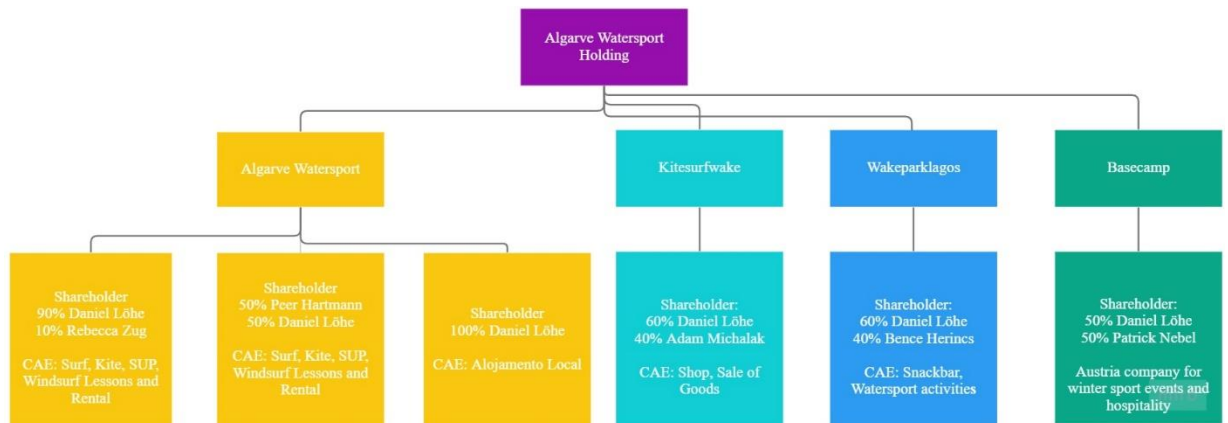
14. Perform a competitor price analysis

surf camp	Price										Camp with surf lesson		1 day rental	
	low season	high season	1 day surf	3 days surf	5 days surf	extra day	surf guide	sup tour	low season	high season	low season	high season	soft + wetsuit	hardb+wetsuit
TSE (3 water time+lunch)	165	250	60	165	250	250	50	30	45 2 beds HB	778	1013			20
surfexperience.com	70	195	70	195	300	300	60	30	45 4 beds HB	708	908			
private surf school (2x1,5h, lunch for package guests, insurance)	180	275	65	180	275	275	transfer +5		2beds	467	507			
Amado surf house (2x1,5h)	180	275	65	180	275	private lesson 1,5 h			surf camp dorm	450	500			
Vavy surf camp (2:15h, lunch for package guests, insurance)	140	215	50	140	215	150€			surf camp double ro	520	570			
Fisurf (2x1,5h, lunch, insurance)	170	265	60	170	265				shared room BB	495	525			
Salty wave surf school (2nd trip advisor) 2:30 hr	150	225	55	150	225				privat room BB	545	595			
Raven 2x1,5h with lunch, pick up points	165	250	60	165	250	priv. 240			Glamping FB	480	540			20
Pure surf camps - Algarve surf camp	169 (10)	250 (16hr)	60	165	250	private lesson 2			Glamping LUX FB	580	630			
Good feeling (2x1,5h)	150	225	55	150	225				50 hutflow/dorm BB	500	550			
Ocean spirit lodge	150	225	55	150	225				2beds BB	380	630			
alta vista	150	225	55	150	225				dorm no food	380	446			
Algarve Watersport (2 hr)	155	230	55	155	230			45	dorm no food	617	860			25
Kite school / camp	120	285	120	120	300				40 dorm no food	400	435			45
Ocean spirit lodge	80/h	415	80/h	120	300	410			45 suite no food	600	880			
Extreme algarve	150	410	150	150	410				45 Drom BB	435	490			
Kiteschool.pt / kitesurf- algarve	75/h	83/h	wing	83/h						490				
alta vista	100	400	100	100	400					535	670			40
Kite club lagos	110	285	120	110	285	415			40 Drom HB	610	745			
Alvor kite center	150	400	150	150	400				twin room HB	600	625			
Algarve Watersport	80/h	415	80/h	120	300	410				600	625			
Algarve Fun sports (Diogo)	65/h	100/h	wing	100-87.5/h						765	1045			
Windsport center	65	310	65	190	295					510	545			65
	110	435	110	110	435					935	985			85
	52,5-47/h	72,5 - 66/h	wing							735	810			80/80/60
										810	945			945

APPENDIX 6 - Algarve Watersport Organizational Chart



APPENDIX 7 - Algarve Watersport Holding



APPENDIX 8 - Algarve Watersport Revenue Evolution

Year	2015	2016	2017	2018	2019	2020	2021	2022
Growth		-5%	17%	26%	17%	-78%	53%	24%

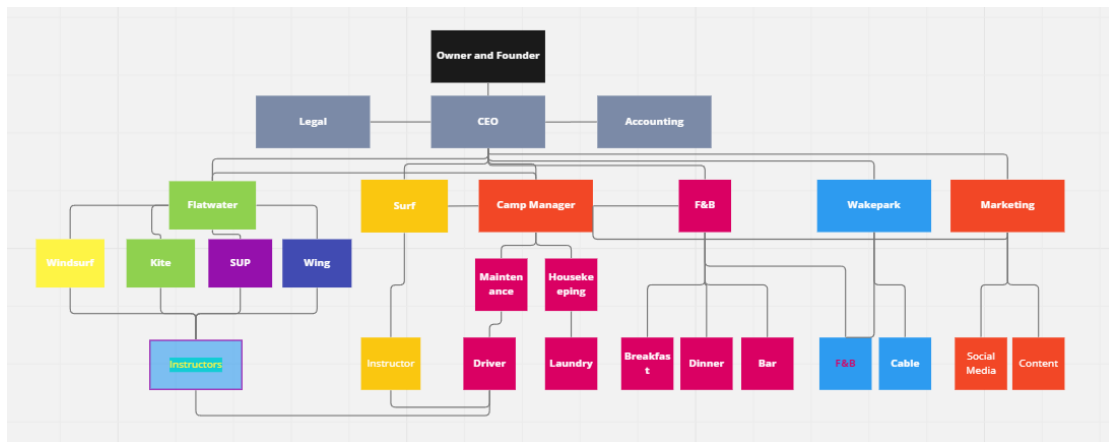
APPENDIX 9 - Algarve Watersport Profit Evolution

Year	2014	2015	2016	2017	2018	2019	2020	2021
Growth		16%	-10%	15%	17%	20%	-54%	42%

APPENDIX 10- Indicators already used by the company

Profit Increase, Revenue Increase, Breakfast, Dinner Budget, Customer Satisfaction Survey, Marketing KPI's

APPENDIX 11- Proposal for a new organizational structure



The new organizational chart stands behind the following ideas:

- Employment of professional department heads to make sure the departments are well lead, controlled and employees motivated.
- The fusion of the flatwater departments with multilingual instructors who can teach more than just 1 sport, to diminish the number of employees F&B Department Head is also controlling the F&B Department of the Wakepark Lagos, this way one professional is controlling all costs and the quality.
- ➔ More efficient use of HR in numbers and quality