



University of Augsburg
Prof. Dr. Hans Ulrich Buhl
Research Center
Finance & Information Management
Department of Information Systems
Engineering & Financial Management

UNIA
Universität
Augsburg
University

Discussion Paper WI-137

Performance Measurement of Corporate Venture Capital - Balanced Scorecard in Theory and Practice

by

Alexander Bassen¹, Doris Blasel², Ulrich Faisst, Moritz Hagenmüller³

November 2003

presented at: G-Forum 2003 Jahrestagung, München, November 2003

presented at: IECER 2004 The Interdisciplinary European Conference on
Entrepreneurship Research at the University of Regensburg, Regensburg, Februar
2004 (Abstract)

¹ Professur für ABWL mit Schwerpunkt Finanzierung/Investition,
HWP Hamburger Universität für Wirtschaft und Politik

² Siemens Venture Capital

³ Bain & Company Germany, Inc.



**Title: Performance Measurement of Corporate Venture Capital –
Balanced Scorecard in Theory and Practice**

Authors:

Univ.-Prof. Dr. Alexander Bassen

HWP –Hamburger Universität für Wirtschaft
und Politik
Professur für Allgemeine
Betriebswirtschaftslehre mit Schwerpunkt
Finanzierung/Investition
Von-Melle-Park 9
D-20146 Hamburg
email: BassenA@hwp-hamburg.de

Doris Blasel

Siemens Venture Capital
Wittelsbacher Platz 2
D-80312 Munich
Phone: +49-89-636-34135
Fax: +49-89-636-34884
email: doris.blasel@svc.siemens.de
<http://www.siemensventurecapital.com>

Ulrich Faisst (corresponding author)

University of Augsburg
Business School
Universitätsstrasse 16
D-86135 Augsburg
Phone: +49-821-25923-13
Fax: +49-821-25923-40
email: ulrich.faisst@wiwi.uni-augsburg.de
<http://www.wi-if.de>

Moritz Hagenmüller

Bain & Company Germany, Inc.
Karlsplatz 1
D-80335 Munich
email: moritz.hagenmueller@bain.com
<http://www.bain.com>

Performance Measurement of Corporate Venture Capital – Balanced Scorecard in Theory and Practice

Corporate Venture Capital (CVC) is a specific type of strategic alliances between established corporations and entrepreneurial ventures. This contribution considers performance measurement of these strategic alliances from a corporate point-of-view. It develops a performance measurement system for CVC based on the Balanced Scorecard (BSC) concept of Kaplan and Norton (e.g. 1992), and shows its implementation and evolutionary usage in the case of Siemens Venture Capital (SVC).

In order to make results of CVC transparent, performance measurement systems are required to integrate financial and strategic results and their performance drivers. The contribution elaborates on the theoretical foundations for performance measurement based on a literature review focusing on objectives, organizational structures and success factors of CVC, as well as earlier performance studies. Based on the BSC concept of Kaplan and Norton (e.g. 1992), the contribution theoretically develops a framework for performance measurement. This framework supports the investment managers' ability to: communicate strategy and translate CVC objectives into quantifiable performance measures, measure the aggregate performance of CVC activities, report this information to senior corporate management, derive further management initiatives, and determine personal objectives and incentives. As individual strategies and development stages of CVC investors differ, it is hardly possible to measure the performance of CVC in a standardized way. However, particular management perspectives and performance measures can be developed based on a standardized framework, which is portrayed in this contribution.

In order to illustrate the theoretical findings, the case of Siemens Venture Capital (SVC) demonstrates an individually designed BSC in CVC settings. SVC, one of the leading CVC investors, uses the BSC as an instrument for performance measurement and strategic management, since its founding. The case shows the development process of the BSC at SVC, beginning with the definition of strategy and perspectives, continuing with identifying goals and defining performance measures, up to deriving personal objectives for all employees as base for incentives, and finally implementing the BSC at SVC. Moreover, the case demonstrates the evolution of the BSC during a five-year period of organizational development, starting with the foundation of SVC in the year 1999, over the rise and decline of Venture Capital (VC) markets in the year 2000, through the internal merger with Mustang Ventures of Siemens I&C in the year 2001, until the organization's current state as of the year 2003.

The conclusions of the theoretical analysis and case study are: Developing a BSC supporting CVC managers to make strategic and financial results of strategic alliances between the corporation and the ventures more transparent. The BSC helps to concentrate on the most important topics through a limited set of performance measures. Linking personal incentive systems to the BSC strongly encourages investment managers in contributing to the CVC unit's objectives. Finally, the implementation of a BSC provides the basis for a goal-oriented and learning CVC organization.

Curriculum Vitae – Kurzlebensläufe der Referenten

Univ.-Prof. Dr. Alexander Bassen

Studium des Betriebswirtschaftslehre an den Universitäten in Gießen und Tübingen. Promotion und Habilitation an der European Business School in Oestrich-Winkel. Von 2001-2003 Wissenschaftlicher Assistent und Privatdozent am DtA-Stiftungslehrstuhl Unternehmensgründung/Entrepreneurial Finance an der Technischen Universität München. Seit 1.5.2003 Vertreter und seit 1.10.2003 Inhaber der Professur für Allgemeine Betriebswirtschaftslehre mit dem Schwerpunkt Finanzierung/Investition an der Hamburger Universität für Wirtschaft und Politik. Forschungsschwerpunkte: Entrepreneurial Finance, Corporate Governance, Investor Relations, Controlling.

Doris Blasel, Dipl. Betriebswirtin (FH)

Studium des Verwaltungsrechts an der Fachhochschule Kehl und Studium der Betriebswirtschaftslehre an der Fachhochschule Konstanz. Seit 1999 Investment Partnerin bei Siemens Venture Capital GmbH. Frau Blasel leitet seit Anfang 2002 die indirekten Venture Capital Investitionen der Siemens Venture Capital GmbH weltweit. Außerdem bietet sie seit 1999 Balanced Scorecard Trainings an.

Dipl.-Wi.-Ing. Ulrich Faisst

Studium des Wirtschaftsingenieurwesens an der Universität Karlsruhe (TH) sowie an der University of California Los Angeles (UCLA). Seit Ende 2001 ist er Wissenschaftlicher Mitarbeiter bei Prof. Dr. H.U. Buhl am Lehrstuhl WI-IF der Universität Augsburg. Herr Faisst promoviert im Themenbereich „Steuerungs- und Anreizsysteme der finanziellen Unternehmensführung, u.a. für das Anwendungsgebiet Corporate Venture Capital“. Seine Diplomarbeit zum Thema „Performance Measurement in Corporate Venturing“ wurde auf dem 6.G-Forum mit dem Diplomarbeitenpreis 2002 des Förderkreises Gründungs-Forschung e.V. ausgezeichnet.

Moritz Hagenmüller, lic. oec. HSG

ist Consultant bei Bain & Company in München. In den letzten drei Jahren hat Herr Hagenmüller an Strategie- und M&A-Projekten für Klienten in den Bereichen Financial Services, Private Equity und Konsumgüter gearbeitet. Herr Hagenmüller promoviert an der Universität St.Gallen zum Thema „Investor Relations von Private-Equity-Partnerships“. Im Rahmen seiner Dissertation hat er eine empirische Erhebung unter Private-Equity-Firmen und institutionellen Investoren in Europa durchgeführt. Moritz Hagenmüller absolvierte sein Studium der Betriebswirtschaft an der Universität St.Gallen (Schweiz) und der Johnson Graduate School of Management (Cornell University, New York).