**Investment Centers' Return Key Relativity**

Name: _____ Date: _____

Class: _____

Instructor: _____

Relative Profitability Measures and Investment Centers

Return on Investment (ROI)

Residual Income (RI)

Economic Value Added (EVA)

Balanced Scorecard

Relative Profitability Measures and Investment Centers

Return on Investment (ROI)

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Balanced Scorecard

**Key Term: Return on Investment (ROI) - Measure of Profitability of an Investment Center - Formula**

**Definition**

Return on investment (ROI)

Net operating income / Average operating assets

Net operating income / Average operating assets

**Example**

Return on investment (ROI)

Net operating income / Average operating assets

Net operating income / Average operating assets

**Key Term: Residual Income - Measure of Profitability of an Investment Center - Formula**

**Definition**

Residual income

Net operating income – Minimum required return on average operating assets

Net operating income – Minimum required return on average operating assets

**Example**

Residual income

Net operating income – Minimum required return on average operating assets

Net operating income – Minimum required return on average operating assets

**Key Term: Economic Value Added (EVA) - Measure of Profitability of an Investment Center - Formula**

**Definition**

Economic value added (EVA)

After-tax operating income – (After-tax cost of capital × Total assets – Current liabilities)

After-tax operating income – (After-tax cost of capital × Total assets – Current liabilities)

**Example**

Economic value added (EVA)

After-tax operating income – (After-tax cost of capital × Total assets – Current liabilities)

After-tax operating income – (After-tax cost of capital × Total assets – Current liabilities)

**Key Term: Balanced Scorecard - Measure of Profitability of an Investment Center - Financial Perspective**

**Definition**

Balanced scorecard

Financial perspective

Balanced scorecard

Financial perspective

**Example**

Balanced scorecard

Financial perspective

Balanced scorecard

Financial perspective

**Key Term: Balanced Scorecard - Measure of Profitability of an Investment Center - Customer Perspective**

**Definition**

Balanced scorecard

Customer perspective

Balanced scorecard

Customer perspective

**Example**

Balanced scorecard

Customer perspective

Balanced scorecard

Customer perspective

**Key Term: Balanced Scorecard - Measure of Profitability of an Investment Center - Internal Business Perspective**

**Definition**

Balanced scorecard

Internal business perspective

Balanced scorecard

Internal business perspective

**Example**

Balanced scorecard

Internal business perspective

Balanced scorecard

Internal business perspective

**Key Term: Balanced Scorecard - Measure of Profitability of an Investment Center - Learning and Growth Perspective**

**Definition**

Balanced scorecard

Learning and growth perspective

Balanced scorecard

Learning and growth perspective

**Example**

Balanced scorecard

Learning and growth perspective

Balanced scorecard

Learning and growth perspective

**Key Term: Balanced Scorecard - Measure of Profitability of an Investment Center - Strategy Map**

**Definition**

Balanced scorecard

Strategy map

Balanced scorecard

Strategy map

**Example**

Balanced scorecard

Strategy map

Balanced scorecard

Strategy map

**Key Term: Balanced Scorecard - Measure of Profitability of an Investment Center - Cause-and-Effect Relationship**

**Definition**

Balanced scorecard

Cause-and-effect relationship

Balanced scorecard

Cause-and-effect relationship

**Example**

Balanced scorecard

Cause-and-effect relationship

Balanced scorecard

Cause-and-effect relationship

**Key Term: Balanced Scorecard - Measure of Profitability of an Investment Center - Performance Measure**

**Definition**

Balanced scorecard

Performance measure

Balanced scorecard

Performance measure

**Example**

Balanced scorecard

Performance measure

Balanced scorecard

Performance measure

**Key Term: Balanced Scorecard - Measure of Profitability of an Investment Center - Performance Driver**

**Definition**

Balanced scorecard

Performance driver

Balanced scorecard

Performance driver

**Example**

Balanced scorecard

Performance driver

Balanced scorecard

Performance driver

**Key Term: Balanced Scorecard - Measure of Profitability of an Investment Center - Lead Measure**

**Definition**

Balanced scorecard

Lead measure

Balanced scorecard

Lead measure

**Example**

Balanced scorecard

Lead measure

Balanced scorecard

Lead measure

**Key Term: Balanced Scorecard - Measure of Profitability of an Investment Center - Lag Measure**

**Definition**

Balanced scorecard

Lag measure

Balanced scorecard

Lag measure

**Example**

Balanced scorecard

Lag measure

Balanced scorecard

Lag measure

**Key Term: Balanced Scorecard - Measure of Profitability of an Investment Center - Objective**

**Definition**

Balanced scorecard

Objective

Balanced scorecard

Objective

**Example**

Balanced scorecard

Objective

Balanced scorecard

Objective

**Key Term: Balanced Scorecard - Measure of Profitability of an Investment Center - Measure**

**Definition**

Balanced scorecard

Measure

Balanced scorecard

Measure

**Example**

Balanced scorecard

Measure

Balanced scorecard

Measure

**Key Term: Balanced Scorecard - Measure of Profitability of an Investment Center - Target**

**Definition**

Balanced scorecard

Target

Balanced scorecard

Target

**Example**

Balanced scorecard

Target

Balanced scorecard

Target

**Key Term: Balanced Scorecard - Measure of Profitability of an Investment Center - Initiative**

**Definition**

Balanced scorecard

Initiative

Balanced scorecard

Initiative

**Example**

Balanced scorecard

Initiative

Balanced scorecard

Initiative