The Benefits Management and Balanced Scorecard Strategy Map: How They Match

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ABSTRACT

We are living in a period of enormous technological transformations and the organizations face new opportunities that the systems and information technology (IS/IT) implementations provide with the hope that these investments will help to increase productivity and business prosperity, meanwhile, several studies performed in public and private sectors have proven that the investments done in IS/IT have not brought the expected benefits. Some authors argue that the result of the studies that related investments in IS/IT and the increasing performance of the organizations in the last thirty years were far from true. In this paper the authors propose a link between the Benefits Dependency Network, from a Benefits Management approach, and a Strategy Map, from Balanced Scorecard, to improve the management of business benefits and to ensure that actions taken along the investment life-cycle lead to foreseen benefits realization. The goal of this integration is to build a framework that combines useful features of both methods. The authors sustain that they can be complementary. As a Strategy Map is committed with strategic alignment, communication and monitoring of strategy execution at all levels of an organization, a Benefits Dependency Network is aimed at explaining how benefits are going to be obtained through organizational change. Using the results of a case-study research, the authors explain how a Strategy Map can cross with the Benefits Dependency Network. The integrated contribution is meant to increase the investments effectiveness, giving to stakeholders the confidence on a clearer delivery path for their expected benefits.

Keywords: Balanced Scorecard, Benefits Dependency Network, Benefits Management, Information Systems and Information Technology (IS/IT) Investments, Strategy Map

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1. INTRODUCTION

As competition increases as a result of globalization and other market factors, it is even more important that an organization performs at its best capabilities (Ashurst & Doherty, 2003). The decision making process over IS/IT investments is not as objective and transparent as it is claimed to be, creating significant failures on the benefits achievement process (Berghout et al., 2005). Since 1995, due to the recognition of the importance of benefits realization and management within different sectors, various approaches and models have been developed to help organizations identify, monitor and ultimately achieve the benefits they originally set out to do so (Sapountzis et al., 2008). The basic assumption in benefits management literature is that benefits can be realized if they are managed appropriately. It is unlikely that benefits will simply emerge, as if by magic, from the introduction of a new technology. Their realization needs to be carefully planned and managed (Lin & Pervan, 2003), (Markus, 2004). A follow-up procedure with the purpose of evaluating those benefits achievement is often missing, and problems arise after the system delivery, when it’s time to show if those previous stated benefits have been realized (Remenyi et al., 2007). One of the factors that differentiates successful from less successful companies in their deployment of IS/IT, is the management resolve to evaluate IS/IT investments before and after they occurred. The perception of the continuous unsuccessful IS/IT investments found a new way and approach for how projects are undertaken. The focus should be on the realization of the benefits, since that is the organization main reason to the investment (Ward & Daniel, 2006). A common characteristic of many unsuccessful programs is the vagueness with which the expected benefits are defined (Reiss et al., 2006). Without clearly defined objectives it is difficult to maintain focus when subsequent problems occur. Bennington & Baccarini (2004) argue that most organizations do not monitor the benefits for different reasons, namely, lack of experience and/or business awareness, focus on managing deliverables rather than the benefits, lack of focus on the people who will enjoy benefits, emotional commitment to the continuity of the project and, so, not open to change to benefits that threaten project viability and lack of tools to help ensure that benefits will be deliverable. One of the reasons why the realization of benefits does not succeed is a result of the fact that social aspects of change are not taken into consideration (Jones & Hughes, 2001). The increased interest in benefits realization has coincided with the increasing use and complexity of IS/IT (Ashurst & Doherty, 2003), (Ward & Elvin, 1999). A benefit is an outcome whose nature and value are considered advantageous by an organization (OGC, 2007), (Thorp, 1998). Bradley (2006) defines it as an outcome of change which is perceived as positive by a stakeholder. The important point in the above definitions is that benefits are owned by individuals or groups who want to obtain value from an investment (Glynne, 2007). Benefits realization is emerging as one of the methods to assist organizations to manage the whole life cycle of programmes and projects (Glynne, 2007). The benefits to an organization from IT-enabled change essentially emerge from three main reasons: (1) either stopping doing activities, (2) doing better what have always being done, or even (3) doing completely new things (Peppard & Ward, 2005). Ward & Daniel (2006) differentiate benefits as tangible and intangible, whether intangible benefits are those that can only be judged subjectively and tend to employ qualitative measures.

2. BALANCED SCORECARD AND STRATEGY MAPS

The Balanced Scorecard (BSC) is one of the most highly touted management tools today (Atkinson & Epstein, 2000), (Frigo & Krumwiede, 2000). The BSC not only translates the strategy to operational terms, but it aligns the organization to their strategy by focusing business units and employees on their role in accomplishing the company mission (Frigo &
Strategic Alignment Between IT Flexibility and Dynamic Capabilities: An Empirical Investigation
www.igi-global.com/article/strategic-alignment-between-it-flexibility-and-dynamic-capabilities/206234?camid=4v1a

Linking the IT Balanced Scorecard to the Business Objectives at a Major Canadian Financial Group
www.igi-global.com/chapter/linking-balanced-scorecard-business-objectives/29901?camid=4v1a