Building the Corporate IM Scorecard for Improving Quality in Information Management Services

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Executive Summary: This presentation proposes a conceptual framework for assessing the business effectiveness and quality of Information Management (IM) Services in organizations by using a Corporate Information Management scorecard. The presentation applies the 'Balanced Scorecard' tool used by organizations typically for management strategy and performance measurement in the area of Information Systems Management, Information Systems Delivery and Implementation.

Presentation Outline

- Examine role of Information Management(IM) Services in the organization
- Brief overview on the Balanced Scorecard framework
- Present a Corporate IM Scorecard to measure the business effectiveness/impact of Information Management Services in the organization
- Implementing the Corporate IM scorecard in the IS organization
- Ensuring long-term success in the organization with the Corporate IM scorecard

Role of Information Services in the organization

- A corporate function like Information Services(IS) should provide a competitive advantage for the business organization and help them to compete in the marketplace. This advantage can be provided when the IS organization differentiates its products/services with consistent quality, price and reliability.
- Consequently IS organizations need to align their various quality initiatives by continuously evaluating and ensuring that their various efforts/initiatives are suitably aligned to support the parent company's overall business strategy.
- For information quality (IQ) initiatives to succeed in the Corporate IT world, IQ assessment frameworks have to combine the technical aspects of Data/Information Quality with the underlying organizational processes and business considerations affecting the IS organizations.
- To combine these different aspects of Information Quality in the organization, a new approach is needed to assess and improve quality in IM services. This framework should balance the interests of different stakeholders and bring consensus across the organization on strategic IS initiatives.

Introduction to the Balanced Scorecard framework

The Balanced Scorecard is a framework to obtain and implement feedback on the effectiveness of the company’s strategies employed by the top management within the organization.

Overview of the Balanced Scorecard

- The Balanced Scorecard is a measurement system that converts an organization’s value drivers (or broad strategic goals) to a series of pre-defined metrics.
- A well-defined Balanced Scorecard should translate the organization’s business strategy into a linked set of strategic measures that define both the long-term strategic objectives as well as the mechanism for achieving those objectives.
- Under the BSC framework, in addition to looking at the financial metrics, IS organizations should also look at other factors to get a broader understanding. BSC measures success in organizational performance against 4 sets of measures related to:
  - Customers perspective
  - Financial perspective
  - Internal Business Processes perspective
  - Learning & Growth perspective
- Every measure selected should be part of a link of cause-and-effect relationships, ending in financial objectives that represents a strategic theme for the organization as a whole.
To clarify and gain consensus within the organization on a specific management strategy

To build a feedback system for top management

To educate the organization on high-priority management initiatives

To align important programs and organizational investments to the overall strategy of the organization (e.g., Quality improvement initiatives, Organization change initiatives, etc.)

To set strategic targets to achieve the strategic objectives and implement plans

- Outcome measures or lag indicators
- Performance driver measures or lead indicators

Corporate Applications of the Balanced Scorecard Framework

The Balanced Scorecard has been successfully applied in the corporate business environment by various organizations. Typically, the scorecard has been used in the following situations:

- To clarify and gain consensus within the organization on a specific management strategy
- To set strategic targets to achieve the strategic objectives and implement plans
- To align important programs and organizational investments to the overall strategy of the organization (e.g., Quality improvement initiatives, Organization change initiatives, etc.)
- To educate the organization on high-priority management initiatives
- To build a feedback system for top management

Overall process for building the Corporate IM Scorecard

- Define Measurement Program Architecture for the IM scorecard
- Identify Strategic objectives for the organization
- Select and design the appropriate Strategic measures
- Build the implementation plan for integrating the IM Scorecard into the organization

Building the Corporate IM Scorecard - Defining the overall architecture

- This phase is required to clarify the management vision for a corporate IS strategy into a clear set of objectives, easy to understand and easily communicated across the organization.
- The top management needs to set up an initial 'task group' to set up the corporate scorecard and co-ordinate the initial efforts for the organization in the direction.
- The 'task group' develops the initial IM scorecard architecture after holding detailed discussions and receiving field inputs from the business units. The major areas finalized at this stage are the following:
  - Select appropriate organization unit
  - Identify SBU/corporate linkages

Building the Corporate IM Scorecard - Identifying the Strategic Objectives

- Every strategic measure of a Balanced Scorecard should be aligned to a clear set of objectives that outline the business strategy of the organization.
- The strategic measures comprising a Balanced Scorecard should outline the cause and effect relationships among the perspectives very clear and explicitly.
- Finally, all the measures of a scorecard should link to financial objectives, as lack of tangible payoffs could lead to lack of long-term interest.
Designing Strategic Measures for the Corporate IM Scorecard - Financial Contribution Perspective

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<th>Strategic Objectives</th>
<th>Strategic Initiative</th>
<th>Performance Indicator</th>
<th>Performance Measure</th>
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<tr>
<td>Growth/Mix</td>
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<tr>
<td>Core Outcome (Lag Indicators)</td>
<td>Performance Drivers (Lead Indicators)</td>
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<tr>
<td>Increased Customer Retention (%)</td>
<td>Higher Employee Satisfaction</td>
<td>Higher IS Productivity</td>
<td>Reduced Employee Turnover</td>
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<td>Reduced Cost of Operations/Development Cycle Costs</td>
<td>Increased Employee Morale</td>
<td>Increased Employee Productivity</td>
<td>Reduced IS Application Scrap/rework</td>
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Designing Strategic Measures for the Corporate IM Scorecard - Customer Focus Perspective

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<td>Increased Customer Satisfaction</td>
<td>Improved Return on IS (Payback/Internal rate of return)</td>
<td>Improved Business Environment in Organization</td>
<td>Advantageous Bargaining Terms with external partners</td>
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Designing Strategic Measures for the Corporate IM Scorecard - Business Process Perspective

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Transforming the Corporate IM Scorecard into a Strategic Management System within the organization

- After the IM scorecard has laid out the strategy and specified the business drivers, companies need to focus on the most critical phase - Making the Corporate IM Scorecard deliver improved results in the organization.
- Companies need to start this phase by identifying strategic initiatives that focus on:
  1. Continuous improvement programs
  2. Re-engineering and transformation programs
- The strategic initiatives will close the gap between ambitious plans set forth in the scorecard and the current performance levels in the organization.
- The Corporate IM Scorecard needs to get integrated with other management systems / monitoring mechanisms in the organization (e.g. capital budgeting, resource allocation process). This will ensure alignment of future investment and discretionary spending plans to the strategic initiatives.

Implementing the Corporate IM Scorecard

- Strategic Level: During strategy implementation phase, review the corporate IM scorecard initially with top management.
- Communicate the corporate IM scorecard to the management of individual Business Units/Departments.
- Establish individual performance objectives for top layers of management.
- Update long range plan and budget for the IS organization based on the IM scorecard measures.

Operational Level: Core drivers targeted for individual business units (e.g. increase ROI by 150% over the next 5 years).
- Identify strategic initiatives and allocate non-strategic IS investments after determining how the IS initiatives support the company’s overall strategy.
- Review the scorecard periodically (monthly, quarterly and yearly) to assess and track benefits accrued from the new initiatives.
However, the shared vision is only the starting point since organizations can only mobilize and redirect the organization strategically when the strategic feedback and learning process is a critical factor in determining the long-term success of the IM Scorecard in the organization. Ultimately, the strategic feedback/learning mechanism helps the organization to adapt the information management strategy to emerging conditions in the business environment.

Implementing the Strategic Initiatives - Business Process initiative

Corporate IM Scorecard - Strategic Feedback & Learning process

Concluding observations

- Quality in Information Management Services has to be reviewed from multiple perspectives to reflect the diverse interests of stakeholders. The Corporate IM Scorecard provides an integrated framework for assessing and improving quality of Information Management Services.
- In the initial stages of the lifecycle, the Corporate IM Scorecard is a Shared Vision for a corporate IM strategy that the entire organization is trying to achieve. It is a Shared Strategic framework used for sharing ‘best-practices’ that facilitate synergies across the organization.
- However, the shared vision is only the starting point since organizations can benefit only when the strategic initiatives identified by the IM scorecard are implemented.
- After the IM scorecard is implemented in the organization, subsequent analysis of the impact of the implementation needs to be conducted using a formal feedback/learning mechanism. The strategic feedback/learning process is a critical factor in determining the long-term success of the IM Scorecard in the organization.
- Corporate IM Scorecard should be viewed as a key component of the overall IS strategy and management process, that lead to an ongoing series of management processes to mobilize and redirect the organization strategically.

Reference Material