

## The Art of Managing with Scorecards

It is well known that executives and employees paid attention to what they measured, and that people could not manage well what they were not measuring. However, many organizations have not successfully implemented a comprehensive measurement program. There are many things to keep in mind while designing and implementing a Business Scorecard/Dashboard. This note is based on the lessons learnt from Scorecard implementations in some leading IT companies. If you are a senior executive in an IT organization, you could benefit from adopting some of the innovative approaches mentioned below.



**Have role specific Dashboards:** Have a dashboard showing key metrics for every major process area. Have role specific access controls. A person gets access to various menu options, forms, reports and dashboards depending on the role of the person, which is assigned when the person joins the organization or when allocated to a project or group. Allow roll up and roll down of metrics depending on the span of control.

**Integrate with the intranet:** Dashboards should be accessible from the home page of the intranet. One login should be sufficient to access the required information system, intranet documents and the dashboard.

**Use Dashboard as a filter:** A typical system may have hundreds of reports, but very few of them are used regularly. Dashboards are simple interfaces and is hardly a page. By having Dashboard as a filter and the primary entry point to various information systems, user need not track anything except the dashboard. In the company mentioned above, the dashboard was linked to the project plans, which means 'The number activities past due' would come in red and 'The number of

current activities' would come in yellow in the 'Personal Dashboard'. This means even the plan can be tracked from the dashboard.

**Integrate email with the dashboard alerts:** Some persons may not want to start the day by accessing the intranet, but normally go through the emails as one of the first thing in the morning. So generate a person specific dashboard as html file and send as an email. This is done in the early hours when the servers are idle.

**Design information systems with scorecard in mind:** Traditional information systems were designed around inputs, processes and reports. Instead, design systems around the 'Process Scorecard' that gives the status measures and outcome measures. From the scorecard, it should be possible to drill down to the level of transactions which eliminates the need for several categories of reports. Scorecard could be the entry point for the system.

**Keep Dashboard metrics data separate:** If all the metrics are computed in real time, it can slow down the response. Moreover, several outcome measures are available only at the end of the project/phase. So better to keep dashboard data in a separate Metrics system. Periodical updates will keep the data in synch. Also because, it may not be possible to generate all metrics from the information systems automatically. Some metrics at least may have to be entered manually on a periodical basis.

**Choose the right measures for tracking:** It is important that the measures chosen for the dashboard covers all KPIs (Key Performance Indicator) and performance drivers. **Balanced Scorecard** approach is a fine method to choose the measures. It will help in choosing the KPIs of strategic importance and then cascade down to the operational and tactic level. As per the Balanced Scorecard approach, every selected measure must be part of the cause-and-effect chain related to strategy.



**Fine tune dashboards periodically:** With more usage of the dashboard, it is likely that some metrics will become redundant/unimportant and some new metric may become important. Also during the initial stages of dashboard implementation, you may observe too many red alerts; you

may want to keep the thresholds relaxed to reduce the number of alerts to a manageable level. Once your dashboard reaches a steady state, you may want to keep the thresholds to the spec limits as defined by the Statistical Process Control techniques.

**Make dashboard review part of the organization process:** Dashboards should be the primary source of info while reviewing project performance, group performance and organization performance. Senior Managers reviewing the dashboard itself (not presentation slides or spreadsheets derived from it) will ensure data quality quickly falling in place and faster acceptance of scorecards throughout the organization.

**Keep Dashboards in synch with the organization processes:** Ensure that any change in organization process should also reflect in the underlying information systems and on the dashboard.

**Ensure Metrics Audit before performance review:** Verified data alone should appear in the dashboard, ideally. Insist Quality/Process Group to verify project/group data before it comes up for management review. Any unverified metrics should be tagged.

**Go for visual auditing / internal controls:** Traditional auditing involves checking various project/group level records against a comprehensive audit checklist. But with process dashboards, it is possible to have a process flow diagram with metrics populated at each node of the diagram. One glance at the diagram can show the exceptions. It was a practice in the company mentioned, for auditors to check the Project Dashboard first off-line before going for the formal audit. Since the alerts are available at team member level, they could take care of exceptions much before the audit. With the concern of getting NCR (Non-Compliance-Report) going away, audits became enjoyable occasions to highlight the best practices of the project.

**Use Dashboard for shared communication and feedback:** Dashboard when reviewed by the whole team / stakeholders, puts people on the same page. Everybody sees the same truth. It is important to show metrics pertaining to the link (shared) responsibilities also in the dashboard. Then the team gets a holistic picture. This helps alignment among various groups (especially between projects and supporting groups). More over, this process generates huge excitement and opportunities for learning.

**Use Scorecards for Training:** When a project starts, usually there will be an Initiation or Kick-off meeting. This is a good time to review Project Scorecards of similar past projects. Look at the goals planned, goals achieved and cause for variation. It is expected that projects would have

recorded the cause for variation and the lessons learnt in the project. It is important to impart training to all users on dashboard usage, especially on the definition of metrics. Consistency of understanding of the metrics is achieved by having a hyperlink on the metrics name, which takes the user to the metrics definition, its computation, suggested actions to take on variance and so on.

**Use Scorecard for driving innovation:** When discussions happen around the dashboard, it generates excitement and useful suggestions to address variance and to improve performance. There will be a lot more energy to implement suggestions arising out of these discussions than the general 'Continuous Process Improvement suggestions' that anybody can raise in the system. It is also a good practice to start any strategic improvement initiative with a scorecard for supporting it.

As you have seen above, once you have a dashboard in place, managing is a whole new experience. It can significantly improve the quality of managing and reduce the effort. It enables you to increase your span of control. It gives you the bandwidth to focus intensely on the customer needs. It helps you to move towards your goals with certainty.



“Simplicity is the ultimate sophistication”

– Steve Jobs, creator of iPod

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