

A group of business professionals in a meeting. One person is holding a tablet displaying a dashboard with charts. Another person is holding a smartphone. There are coffee cups on the table. The scene is dimly lit, suggesting an indoor office environment.

# Aligning IT with Business Goals: A Balanced Scorecard Approach

Moving from "Support Function" to "Strategic Partner"

# The Core Problem: The Strategic Gap

- Traditional management focuses only on financial results (the "Lagging Indicators").
- IT often operates in a vacuum, focusing on technical metrics (uptime, tickets) while the business focuses on growth.
- The Balanced Scorecard translates vision and strategy into action, ensuring IT projects support business objectives.



# What is the Balanced Scorecard?

- The Balanced Scorecard is a strategic planning and management system used to align business activities to the vision and strategy of the organization by monitoring performance against strategic goals.
- Was first published in 1992 by Kaplan and Norton, a book followed in 1996.
- Traditional performance measurement that only focus on external accounting data are obsolete.
- The approach is to provide 'balance' to the financial perspective.

The background of the slide is a dark blue and black gradient with various financial data visualizations. On the left, there is a candlestick chart with red and green bars. In the center and right, there are several overlapping line graphs in shades of blue and orange. Some numbers are visible in the background, such as '92.97' at the top, '1.38' in the middle, and '2.53' at the bottom. The overall aesthetic is technical and data-driven.

# Perspective 1: The Financial Perspective

- "To succeed financially, how should we appear to our shareholders?"
- **Cost Efficiency:** Reducing IT "Run" costs to fund "Innovation."
  - **ROI:** Ensuring high returns on digital transformation projects.
- IT Budget vs. Revenue, Total Cost of Ownership (TCO), ROI on Software Implementation.



## Perspective 2: The Customer Perspective

- "To achieve our vision, how should we appear to our customers?"
- **Customer Experience (CX):** Creating seamless digital interfaces.
  - **Service Reliability:** Ensuring platforms are available when customers need them.
- App/Website Uptime, Net Promoter Score (NPS) for digital services, Average Response Time.

# Perspective 3: Internal Business Processes

- "To satisfy shareholders/customers, what processes must we excel at?"
- **Agility:** Speeding up the software development lifecycle (SDLC).
  - **Security:** Protecting data and ensuring compliance.
- Cycle Time for new features, Number of security breaches, Automation percentage of manual tasks.



## Perspective 4: Learning and Growth

- "To achieve our vision, how will we sustain our ability to change and improve?"
- **Talent Development:** Training the team in Cloud, AI, and Cybersecurity.
  - **Culture:** Transitioning from "Service Desk" to "Product Mindset."
- Staff Certification rates, Employee Engagement scores, R&D spend as % of IT budget.

# Balanced Scorecard Measurements

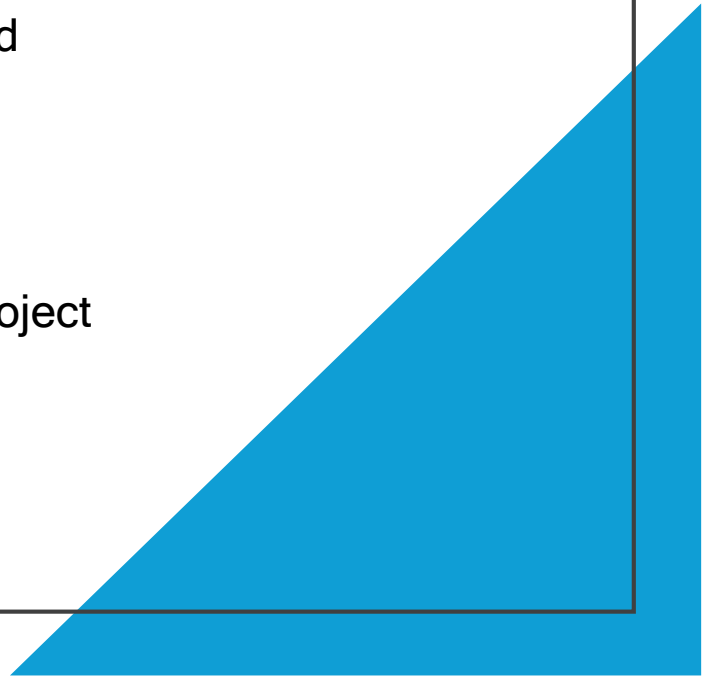
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Perspective	Generic Measurements
Financial	Return of Capital Employed, Economic value added, Sales growth, Cash flow
Customer	Customer satisfaction, retention, acquisition, profitability, market share
Internal business process	Includes measurements along the internal value chain for: <b>Innovation</b> - measures of how well the company identifies the customers' future needs. <b>Operations</b> - measures of quality, cycle time, and costs. <b>Post sales service</b> - measures for warranty, repair and treatment of defects and returns.
Learning and growth	Includes measurements for: <b>People</b> - employee retention, training, skills, morale. <b>Systems</b> - measure of availability of critical real time information needed for front line employees

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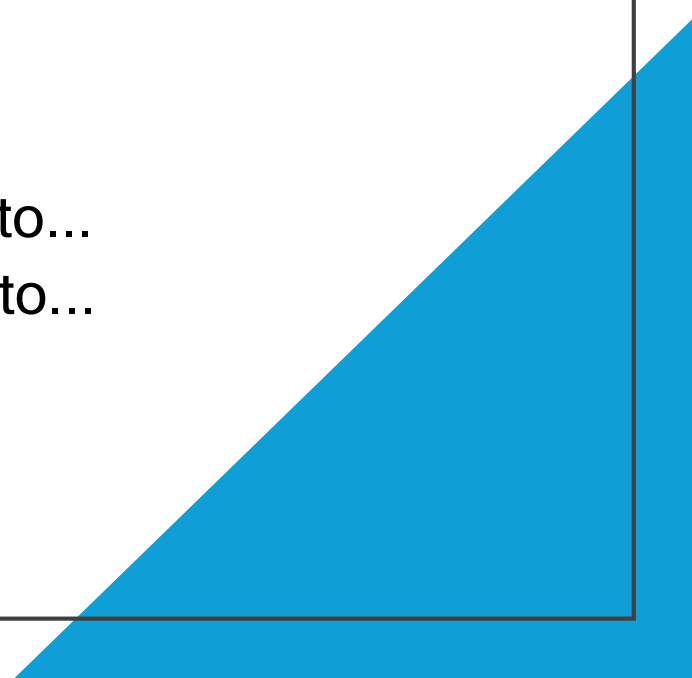
# Key Implementation Success Factors

- Obtaining executive sponsorship and commitment
- Involving a broad base of leaders, managers and employees in scorecard development
- Choose the right Scorecard Champion
- Beginning interactive (two-way) communication first
- Viewing the scorecard as a long-term journey rather than a short-term project
- Getting outside help if needed





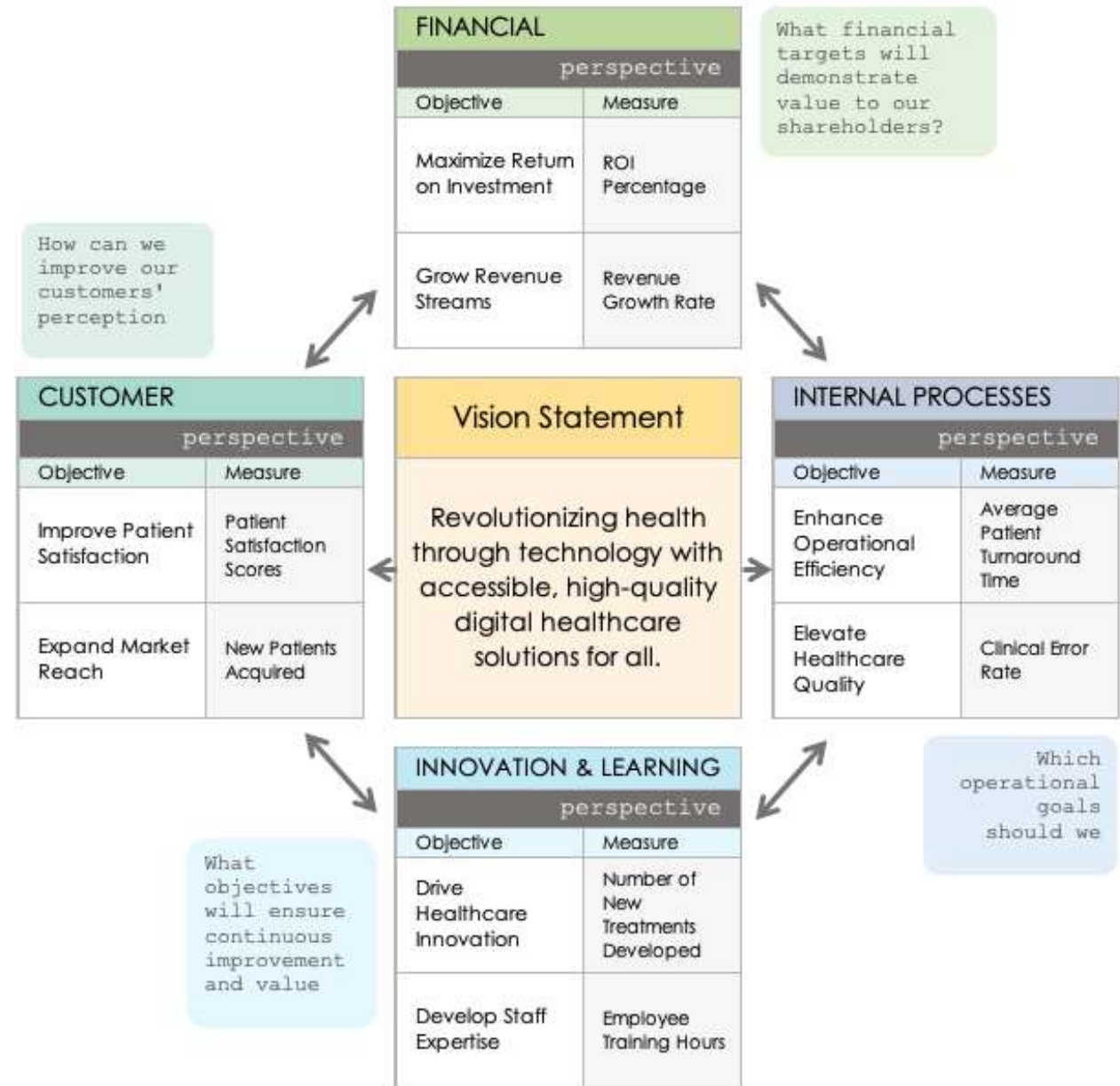
# The Strategy Map

- A visual representation of how value is created.
  - The Logic Chain:
    1. Better **Skills** (Learning) lead to...
    2. Better **Automated Processes** (Internal) which lead to...
    3. A **Better User Experience** (Customer) which leads to...
    4. **Increased Revenue/Reduced Costs** (Financial).
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# Balance Scorecard Strategy Map Example

	STRATEGIC OBJECTIVES	MEASURES	TARGETS	INITIATIVES
FINANCIAL PERSPECTIVE		Net profit margin	Increase net profit margin by 5% year-over-year	Initiative 1
		Number of funding channels	Add two new channels by Q3	Initiative 2
		Operating expense ratio	Reduce operating expense ratio by 10% in 1 year	Initiative 3
CUSTOMER PERSPECTIVE		Customer satisfaction index	Achieve a score of 90 out of 100	Initiative 1
		Market share percentage	Increase market share by 3% by end of year	Initiative 2
		On-time delivery rate	Maintain 98% on-time delivery	Initiative 3
INTERNAL PROCESS PERSPECTIVE		Average lead time	Reduce lead time by 15%	Initiative 1
		Time to market for new products	Reduce time to market by 20%	Initiative 2
		Carbon footprint reduction	Decrease carbon emissions by 25% in 3 years	Initiative 3
LEARNING & GROWTH PERSPECTIVE		Number of trained employees in new tech	Train 75% of workforce in new tech by Q4	Initiative 1
		Employee engagement score	Reach 85% positive engagement	Initiative 2
		Number of projects using Agile methods	Implement Agile in 50% of projects by next fiscal year	Initiative 3

# Balance Scorecard KPI Example



# Scorecard Potential Pitfalls & Criticisms

## Lack of a well-Defined Strategy

- The balanced scorecard relies on a well-defined strategy and understanding of linkages between strategic objectives and metrics. Without this foundation the implementation could fail.

## Too much focus on the lagging measures

- Focusing on only the lagging measures may cause a lack of priority or opportunity for the leading measures.

## Use of Generic Metrics

- Don't just copy metrics from another firm. Identify the measures that apply to your strategy and competitive position.

## Self-serving managers

- Managers whose goal is to achieve a desired result in order to obtain a bonus or other self reward.

# Conclusion

- Successfully aligning IT with business goals is a long-term strategic journey, not a short-term project.
- True success requires balancing four perspectives: Financial, Customer, Internal Processes, and Learning & Growth.
- Use **Strategy Maps** to visualize how investing in people and systems (Learning) leads to better processes, happier customers, and ultimately, financial success
- Move from monitoring "technical uptime" to tracking business-centric KPIs like ROI on digital transformation and Customer Satisfaction
- Implementation success relies on executive sponsorship, broad leadership involvement, and transparent, two-way communication

# Conclusion

"The Balanced Scorecard translates vision and strategy into action, ensuring IT projects support business objectives."

# Reference

*Client challenge.* (n.d.). <https://www.slideshare.net/slideshow/balanced-scorecard-presentation-1068670/1068670#3>

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