# Linking Benefits to Balanced Scorecard Strategy Map

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**Abstract.** 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. We 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, we 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:** Benefits Management, Balanced Scorecard, Strategy Map, IS/IT Investments.

## 1 Introduction

Organizations are being put under increasing pressure to justify the large amount of financial resources spent on IS/IT assets. 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)[1]. 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)[2] 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)[3], (Markus, 2004)[4]. Benefits are often identified in the early stages to form the business case and to sell the idea to the stakeholder(s). 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)[5]. A common characteristic of many unsuccessful programs is the vagueness with which

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the expected benefits are defined (Reiss *et al.,* 2006)[6]. Without clearly defined objectives it is difficult to maintain focus when subsequent problems occur.

Bennington and Baccarini (2004)[7] argue that most organizations do not monitor the benefits for the following 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. The increased interest in benefits realization has coincided with the increasing use and complexity of IS/IT (Ashurst & Doherty, 2003){1}, (Ward & Elvin, 1999)[8], (Bradley, 2006) [9]. The benefits to an organization from IT-enabled change essentially emerge from three reasons: either stopping doing activities, doing better what have always being done, or even doing completely new things (Peppard & Ward, 2005)[10].

## 2 Balanced Scorecard and Strategy Maps

The Balanced Scorecard (BSC) is one of the most highly touted management tools today (Atkinson & Epstein, 2000)[11], (Frigo & Krumwiede, 2000)[12]. 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 & Krumwiede, 2000)[12]. First proposed in 1992, it provides the executives with a comprehensive framework that translates a company's strategic objective into a coherent set of performance measures. Much more than a measurement exercise, the BSC is a management system that can motivate breakthrough improvements in such critical areas as product, process, customer, and market development (Kaplan & Norton, 1993)[13]. A major strength of the BSC approach is the emphasis it places linking performance measures with business unit strategy (Otley, 1999)[14]. The BSC supplemented the traditional financial measures with three additional perspectives, customers, internal processes and learning and growth, and enabled companies to track financial results while simultaneously monitoring progress in building the capabilities and acquiring the intangible assets they would need for future growth.

By using the BSC organizations do not have to rely only on short-term financial measures as the sole performance indicators. The first step in creating management processes for implementation of strategy must be to construct a reliable and consistent framework for describing strategy, known as Strategy Map (SM). The SM outlines all the cause-and-effect linkages between what an organization's strategy is and what everyone does on a day-to-day basis (Kaplan & Norton, 2000)[15]. The SM identify how to get the destinations, the strategic objectives, how tangible and intangible assets are involved, outlines how assets of all types are combined to create customer value propositions, specifies how the desired financial outcomes will be realized and detail the relationships between shareholders, customers, business processes and competencies (Kaplan & Norton, 2000)[15].