DASHBOARD & BALANCED SCORECARD: DIFFERENT TOOLS FOR DIFFERENT USES

When we speak about Business Performance Management, often certain technological and non-technological terms are used improperly and there is a tendency to cause confusion due sometimes to incorrect information and sometimes to overlapping concepts. It should be noted that some of the terms commonly associated to Business Performance Management have become somewhat outdated if not to say archaeological. In fact, in many cases they are the inheritance of a glorious past which is now... passed. Therefore, it is fundamental to define the correct usage scope of Dashboard and Balanced Score Card.

**TABLEAU DE BORD.** This term originated in the Seventies when the theory of Management by Numbers, i.e. business management based on indicators, took root and spread. The TdB wasn’t an information nor an application but simply a synthetic paper-based report mainly containing financial indices (in particular those with relevance for stock exchange analysts). In the most sophisticated versions, it was processed using basic pre-Microsoft Office automation tools: a mainframe processing, a secretary and a type-writer ... The term is still used to describe an executive dashboard for the top management.

**EIS.** The EIS (Executive Information System) is a computerised product of the tableau de bord: during the Eighties/Ninties, various EIS solutions were developed, usually software solutions based on pcstandalone with graphic and advanced interaction functions; later they were considerably improved by the arrival of Windows with its high-performance GUI (graphical user inter-face). In EISs graphics automatically generated by data, manometers, flags, traffic-lights, i.e. some of the basic features of modern dashboards, began to appear. These solutions were cancelled from the market by the arrival of the client/server and analysis solutions distributed on departmental architectures. They did not have a sufficiently robust, scalable architecture to be available consistently to extensive communities of users.

**KPI.** KPI (Key Performance Indicators or Key Process Indicators) do not have a precise
date of birth and moreover, they do not even have a precise definition, as it can be understood by the fact that the initials have two meanings. To start with, Key Process Indicators are a sub-group of Key Performance Indicators; however, there is also a basic misunderstanding on the very essence of the concept: some consider KPIs necessarily non-financial, while others, on the other hand, consider a KPI as any number that describes a business. Therefore, one of the two: either all the numbers that appear in a tableau de bord, in an EIS or in a dashboard are all KPIs or only a part of these are. KPIs have an exclusively conceptual and non-technological value: they are the functional description of algorithms implemented within an information delivery system.

DASHBOARD

We could define the dashboard as a ‘multi-theme technological object’. Intrinsically, the dashboard is not a finished solution: in fact it must be verticalised (it can be used at any hierarchical level, in any function, obviously with different levels of detail and contents) and from the architectural point of view it is the “tip of the iceberg”, given that it is mainly used to present information and to allow it to be analysed and possibly simulated.

From a technological point of view, the dashboard can be developed with a BI tool (if the available functions allow it) or built with programming languages. This second approach is not advised, under any circumstances, due to the huge costs of developing the underlying application logic (if necessary), actually already present in any BI product on the market. There is an alternative, which consists in expanding the presentation capabilities (not calculation) of a BI tool via standard development environments (typically ASP or Javascript).

BALANCED SCORECARD. Resulting from a conceptual systematisation dating back to the middle of the Nineties, the Balanced Scorecard, in the intentions of Kaplan and Norton, the two creators, was supposed to be the main tool (much more organisational than technological) to solve the problem of executing strategy, i.e. the articulation and executive monitoring of the guidelines of management in the day-by-day management of operations. For reasons of space, we will not give a detailed description of the conceptual architecture of BSC (for this see Kaplan and Norton, "Balanced Scorecard, turning strategy into action"). In actual fact, very often the concept of BSC has been debased to a hierarchical model of performance indicators (KPI) in which the 'objective of the boss is the sum of the objectives of the subjects'. In actual fact, the infrastructure required for implementing a Balanced Scorecard is generally composed of the following components:

- A workflow management system that manages the different processes associated to the BSC (articulation of strategic guidelines, organisational feedback, strategic policy variations, bottom-up communications, etc.);
• A mixed management system, able to manage both structured (mainly numbers) and de-structured (typically documents) information;

• A distributed information delivery system which is often wrongly identified as a data warehousing architecture: in fact, it is not necessary to go this far. BSCI solutions exist on the market (preferable if integrated in a more general framework of Business Performance Management) that excellently allow management of the system of indicators, the collection of final data and the presentation of data at various levels of organisation.

BSC VS DASHBOARD

For the sake of clarity: the BSC is not a system of hierarchical indicators and, obviously it is not a dashboard. Identically, the dashboard is not a system of indicators (not necessarily) and is not the BSC. The dashboard tool can be used at all levels of organisation for the function of presenting data requested by the BSC framework and it is well suited for this given the need to use extensively graphic representations that are significant for the various levels of usage. As we mentioned before, the application infrastructure of the BSC should be part of a Business Performance Management framework. If the BI tool, which provides dashboarding functions, is also part of this framework, clearly the advantage in terms of integration and flexibility is obvious.

Reply Consulting, is a company belonging to the Reply Group that specialises in strategic, organisation and process consultancy. The mission of Reply Consulting is to work alongside companies in the phases of implementing, changing and managing Corporate Information Systems, from strategic design, to understanding and redefining “core” processes. The characteristics of Reply Consulting can be summarised as: managerial experience and capacities, flexible and dynamic structure, expertise and commitment in solving the client’s problems, global/strategic vision also in tackling details and excellence in delivery.


Reply Consulting
www.reply.eu