

Strategic Consulting and Balanced Scorecard [case study]



Project Mission and Background

\$38B health and life insurance company was implementing an “ERP-level” healthcare management solution, originally budgeted at \$125MM for implementation, when IT executive management determined that the:

- Primary implementation methods were challenged.
- Project was off-schedule and over budget.
- Program management office needed to evaluate its processes.

The IT organization consisted of 300+ employees, with all levels and specialties, including Program & Project Managers, Functional & Technical Analysts, Quality Assurance, System Architects, Operations, etc. With the goal of increasing its value to internal business customers, the IT group migrated to a matrix-managed organization, with technical and functional management structures.

Challenges

Unfortunately, although the goal was to improve communications and work processes between IT and the business units, the migration to a matrixed organization seemed to do just the opposite:

- Roles, responsibilities, and charters were not clearly formalized or adequately trained/communicated upon.
- Confusion was commonplace between departments due to a lack of understanding and clear accountability.
- A lack of collaboration and sharing of information, resources, and expertise within the project teams was dragging the project down along with morale.
- Client staff did not understand the vision, goals and strategy of the IT organization nor that of the internal business customers.

How did the project help the company? Why were some projects prioritized before others? What was the impact to the company’s bottom line?

Approach

Lewis & Fowler was engaged to assess client communications, project execution effectiveness and program management office processes. How could the company ensure that communications improved and the program management office was effective? We established an approach that allowed the client to Transform to a Matrix-Based Organization, while Performing the project execution more effectively and efficiently. Our analysis quickly determined that we could impact the project’s success and ongoing success for the company by focusing on two areas:

- IT Strategy
- Organizational Change Management.

- + **World-class Insurance company.**
- + **Move to a project-oriented matrix organization caused confusion.**
- + **Communications Plan implemented, resulting in improved productivity.**

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IT Strategy: We worked with IT management to develop a clear, documented strategy for the IT organization, with a focus on how IT directly supports the business strategy for the company:

- Organizational metrics were defined for the IT organization and key technical areas.
- Balanced Scorecard (for IT) was developed that linked to the company's merit reward program, and was used to focus the IT organization on the "right" activities to help move the business forward, while providing clear communications on IT performance.
- 24-month IT Metrics Roadmap was designed, with cascading metrics for each area, driving strategic priorities that were in sync with the Balanced Scorecard.

Organizational Change Management: Through workshops, data analysis and working with a broad project team, we clarified roles and responsibilities of the matrixed organization with a focus on project execution:

- Boundaries and functional, technical accountability and managerial authorities were clearly defined, documented and communicated to all affected groups.
- Organizational Change Management Plan created a theme using visuals and cognitive tools to put work into focus, as related to the business and IT organization's strategy and tactical initiatives.
- Leadership coaching was conducted.
- Internal change agent teams were implemented to institutionalize the changes and maintain momentum on the transformation.
- Existing IT governance practices were revised to better align projects with the business strategy, and to ensure proper communications regarding project priorities and the prioritization process itself.

Benefits

Lewis & Fowler's expertise in program management combined with our ability to simplify a large problem into manageable concepts, allowed us to help the client more closely align IT priorities with the business strategy, more objectively evaluate projects for prioritization, realize project success through clear metrics and improve the execution of projects through greatly improved communications, clearly defined roles and a documented understanding of accountability.

We estimate that this project helped reduce overall cost of project execution by 1% of the client's annual IT budget, while helping to ensure that IT only works on projects tied to the company's business strategies.

About Us

Lewis & Fowler is a professional consulting firm focused on delivering business impacting results to corporations throughout the United States.

