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Collaborative Strategy Translation: A Critical Exploration

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Introduction

It is a well known fact that modern organisations face an almost constant need to re-evaluate their strategy, processes, and systems [Davenport 1994, Drucker 1988, Hammer 1990]. Organisations have to adapt to new external demands from their markets, while satisfying internal demands with respect to operating more efficiently and cost-effectively. At the same time, new technological advantages create opportunities for organisations to achieve these goals by supporting new types of organisational forms and processes. Over the last decade, a considerable number of re-engineering approaches have been presented (see e.g. [Meel 1994] for an overview). These approaches in general fall into one of two categories: those that take an existing organisational situation explicitly into account as the basis for the re-design effort [see e.g. Davenport 1993] and those that design new processes and structures from scratch [see e.g. Hammer 1990].

A critical activity in re-engineering efforts is the decision which processes to re-engineer, which is still a difficult decision in many companies. One method to support this decision, which is adopted by an increasing number of organisations, is the Balanced Score Card (BSC) method [Kaplan and Norton 1992], a strategic measurement system. The BSC does not only point out the processes that do not fit in the strategy anymore, but also shows through the deviation from the targets which processes have to be improved. Hence, it focuses both on effectiveness and efficiency improvements. It enables a link between the strategy and the operational processes.

Strategy translation and measurement activities such as the construction of a BSC are often approached in a participative way. The main objectives [Vennix 1997] are to capitalise on all available organisational knowledge, to help the participants in understanding the impact of the strategy on their daily work and lastly, to create commitment from those involved in the actual transition from BSC construction to re-design of organisational processes. The downside of such participative approaches is that they are often time consuming. Also, in group settings, a small number of participants often dominate the process and not all participants may feel free to contribute their ideas [see e.g. Nunamaker et al. 1991]. Group Support Systems (GSS) are a well known Technology to overcome these problems. GSS are electronic meeting systems that enable all participants to have equal air time and contribute to an electronic discussion anonymously in order to avoid fear of peer evaluation [Nunamaker et al. 1991]. In addition, a GSS stores all electronic communication during a meeting so that the group has a meeting report available immediately after the meeting concludes.

In this action research study, we employed GSS Technology (GroupSystems) to support an organisational group to construct a BSC in preparation for a more detailed analysis (and possible re-engineering) of their business processes. The research goal of this study is: To explore how GSS can support a particular approach for strategy translation and identification of re-engineering opportunities, the BSC.

To answer this research question, several measurements during and around the GSS meetings were conducted. Multiple sources were used for collecting both quantitative and qualitative data. This data enabled a rich representation of the application of GSS in the organisation and permitted comparison and contrast of the collected data. Instruments used for gathering the data were: surveys, system registration or log, direct observations, expert estimations and interviews. The way we analysed the data regarding the application of GSS within the BSC process, was by looking at various issues with respect to GSS meetings that are considered to be important [Vreede and Wijk, 1997; Dennis and Gallupe 1993; Nunamaker et al. 1991; Pinsonneault and Kraemer 1989]. These issues were structured using the descriptive research model developed by Nunamaker et al. [1991], describing four elements (Group-, Task, Context-, en GSS characteristics) that influence the process of a GSS meeting. Finally, this process results in the specific outcomes of a GSS session.

The next section first gives a short introduction on the BSC concept. Next we describe the organisation and the BSC project that took place there. Then, we elaborate on the lessons that can be drawn from the study. Finally, we conclude the paper with a discussion of the relevance of the study and directions for further research.

BSC Background

Kaplan and Norton [1992] thought the link between the strategy and the management information to be very weak as it was often based only on financial indicators, like profit and costs. They argued that besides the financial perspective other perspectives have to be taken into account in order to get representative management information Based on this, they developed the Balanced Scorecard, which looks at organisations from four perspectives: financial, customers, internal business processes and learning and growth processes. The Balanced Scorecard creates a link between the strategy and the operational processes

by deriving goals from the strategy [Kaplan and Norton, 1996]. These goals are translated into indicators, which have to be measurable. Lastly, targets are set for the indicators. Now a simplified example of a BSC item will be given from the customer perspective:

Goal	Customer satisfaction
Indicator	Percentage of customers that are satisfied with the delivery times
Target	92%

As the goals link the strategy and the business processes, management can see whether the daily processes still fit in the strategy and add value to the core business. In this way management can decide which processes should be subject to (re)design efforts.

Process Description

This study took place in a department of an insurance company in the Netherlands. The group, which consisted of 16 participants including the department head and a champion, worked in a good and open ambience. A total of 6 meetings were organised to participatively create a BSC:

1. Informing the participants on the strategy and the BSC.
2. Identification of goals. It turned out to be impossible to define the goals without having some strategic questions answered, like who is the customer and what is our product. This forced us to clear up these strategic issues first creating a delay in the planning, which was caught up with in session 4. This session was supported by GSS.
3. Identification of goals and their indicators. This session was supported by GSS.
4. This session was reserved for catching up with backlog. Because of the delay in the former two sessions it was used to identify the remaining indicators. This session was supported by GSS.
5. Identification of targets for the indicators. The targets were gathered and processed outside the session because it was feared that without having a proposal for the targets much time would be spent on discussing the many different targets without any result. By giving the participants homework and gathering the data before the session, the facilitators could design the meeting according to the gathered targets. A summary of the targets was presented in the session after which a short discussion was needed to achieve consensus.
6. Identification of processes to (re)design and actions to be taken based on the BSC and evaluation of the total project. The latter two sessions were not supported by GSS as the problem owner thought it not effective to use GSS. Lastly, it has to be mentioned that the participants got homework after every session, which was done in order to prepare them for the next session.

The sessions resulted in a complete BSC with 12 goals and 25 indicators with targets, which was set as the limit from a control point of view. Of the indicators 60% was to be measurable within 3 months. For the other indicators projects were identified to make them measurable within one year.

Lessons Learned

Even though the BSC-project is perceived as a success by the organisation a number of key lessons can be abstracted with respect to the process and the GSS support.

Process

- *It is better not to start the participants from scratch.* Participants had great difficulty starting from scratch identifying goals. The concept was not clear enough to them. Also, the feedback from the participants was on various levels of abstraction. Although a finished BSC from another department was available, the management explicitly stated that they wanted to have participants start all over in order to enhance creativity. Half way through the process it became clear that the participants needed more help and the facilitators included suggestions for goals and indicators themselves.
- *The strategy and mission should be clear.* It quickly turned out that there is no sense in discussing goals, indicators, and targets if the group does not have a clear idea of what their mission and strategy are. The sessions were frustrated early on because these issues were unclear. This resulted in a delay as some questions had to be addressed before the process could continue.
- *A BSC on its own does not really tell much.* A BSC on its is merely an overview of a number of variables that can be measured in order to evaluate the current state of being of an organisation or department. However, without having a clear insight in how the processes in the organisation function, the BSC is not meaningful. Hence, analyse and diagnose the processes first, before building and using a BSC.
- *Training in BSC-terminology is important.* Train the participants in the terminology before starting them off with the real BSC activities. It turned out that a lot of participants had problems distinguishing between Goals, Indicators, and Targets. Training in advance will improve the idea generations and subsequent discussions.

- *Involve a champion in the process.* It is important to have a champion from the client organisation actively involved in the process facilitation team. This champion will operate on the same wave length as the participants. In this study the champion had a significant role as he was the person to be asked for help by participants in-between the sessions.
- *Beware of large time investment by organisation.* Having a number of organisational stakeholders actively participating in a number of sessions does seem to increase commitment and BSC-quality, but also requires them to invest in time and effort considerably. The participants spend about 18 hours in 5 sessions and had about 5 hours worth of “home work” during the course of the project.

GSS Support

- *Electronic meeting support boasts involvement.* Feedback from the participants suggested that electronic meeting support helps people to get more involved. It has to be taken into account that this will lead to more discussion and that deficiencies in the BSC and in the process will surface more easily.
- *Perceived impact of voting results.* Voting as a tool to formalise opinions proved to be helpful, although the participants had to get used to it. In the beginning they were afraid of the voting results because they could not see the consequences of the voting, but in next sessions they learned to appreciate it as a technique to get a quick insight in the group’s opinions and consensus.
- *Involvement of larger group of stakeholders.* The management indicated that without the use of GSS, the same approach to building a BSC would have been taken, but with 5 participants instead of 14. GSS enabled them to involve a large group, which would have led to uncontrollable meetings without GSS. Involving a larger group was important to the management as creating commitment for the resulting BSC was considered a top priority.
- *Participation vs. completeness.* Broad participation enabled by the GSS, did not prove to be a guarantee for completeness of ideas. After the sessions, the facilitators and the champion added several new ideas, which were “forgotten” by the participants.

Conclusion

Identifying processes to be re-engineered needs to be done in a participative way as it has a positive effect on commitment to the outcome of the effort, on the learning of the participants and on the quality of the outcome.

The results of the study illustrate that a BSC process:

- Can be performed participatively
- Can be successfully supported using GSS
- May lead to various directions for process analysis and improvement
- Nevertheless has a number of intrinsic characteristics that have to be accommodated by the meeting process and the way GSS are used to support it.

This study is relevant for GSS researchers and practitioners for two reasons. First, it involves a real mature organisational group. Second, the group could be studied over the course of a number of GSS meetings. Most GSS research involves ad-hoc, experimental groups participating in a single meeting. There are strong indications that ad-hoc, newly formed groups display different behaviour compared to mature, established groups, see e.g. [Chidambaram and Bostrom 1993]. Also, members of experimental groups are seldom comparable to organisational groups in terms of group history and realistic incentives to collaborate. Finally, using GSS over a longer period of time appears to influence the appropriation, perception, and productivity of group, see e.g. [DeSanctis and Poole 1994]. However, longitudinal use of GSS has been seldom studied, [Chidambaram and Bostrom 1997].

Based upon our experiences we identify the following directions for future research:

- A detailed analysis of the way a group develops over time and appropriates the GSS is useful to distil meeting guidelines for similar efforts in the future.
- It has to be examined how a group can be quickly brought up to speed. Especially the first sessions are difficult because of new Technology, new processes, and new terminology. It has to be investigated whether more training would help.

References

References are available upon request from the first author (rachidm@sepa.tudelft.nl).