Aligning Project and Benefits Management With Balanced Scorecard Approach to Achieve Project Success

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ABSTRACT

The organizations have spent an increased amount of financial resources in systems and technology without getting all the potential of their investments or collecting the promise business benefits. Organizational success is widely defined as winning in the marketplace, and firms tend to measure this with financial and economic indicators. There is also a general agreement that although schedule and budget performance alone are considered inadequate as measures of project success, they are still important components of the overall construct. An early identification of the critical success factors (CSF) and project success criteria (PSC) during the initial project assessment is a vital start for ensuring successful project completions. This paper combines project management (PM) and benefits management (BM) practices with balanced scorecard (BSC) approach to align the projects with the organizational strategy. The usage of this mix of different management tools led to more effectiveness in project success.

KEYWORDS

Balanced Scorecard, Critical Success Factors, Project Management, Project Success, Project Success Criteria

INTRODUCTION

The difficulties of implementing information systems and technology (IS/IT) and assessing their performance have been acknowledged by scholars (Lueg & Lu, 2012, 2013; Martinsons et al., 1999). Therefore, finding means to overcome these issues and to improve the performance in management of IS/IT systems has been a research focus of the last decades. Grounded by theory of competitive strategy, Brooke (1992) argued that IS/IT can contribute to more profits if it cannot be replicated easily or it can make product differentiation.

Worldwide surveys highlighted the significant global increasing of IS/IT expenditure and referred the large financial resources spent by organizations (Willcocks & Lester, 1999). Many IS/

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IT investments appear to go ahead without the use of formal investment appraisal techniques, which results in difficulties on understanding both the impact and implications of the IS/IT implementation due to a lack of organizational processes to evaluate the desired outcomes (Remenyi et al, 2000).

In recent times, IS/IT managers have found it increasingly difficult to justify rising IS/IT expenditures (Counihan, Finnegan & Sammon, 2002). Moreover, the evaluation of these IS/IT investments requires multi-dimensional measures and is a complex tangle of financial, organizational, social, procedural and technical threads, many of which are currently either avoided or dealt with ineffectively (Cronk and Fitzgerald, 2002).

Success is not easily defined or determined. Some researchers such as Dvir et al. (1998) believe that a project is successful when it meets budget, schedule and quality constraints even though it may not have met factors such as customer needs or achieved a quality of the final product.

Researchers have been made a distinction between project success and project management success. De Wit (1988), Munns & Bjeirmi (1996) and Cooke-Davies (2002) clarified that project success is measured against the overall objectives of the project while project management success is measured mostly against cost, time and quality. Baker, Murphy & Fisher (1983) advice to look for the satisfaction of the parties associated with, and affected by the project. Instead of using time, cost and performance as measures for project success, perceived satisfaction should be also measure. Clarke (1999) claimed that in order to ensure that a project is completed successfully, project plans need to be updated regularly and objectives clearly stated at the outset of the project. Meredith & Mantel (2006) suggested that, what appears to be a failure in one project might be a success factor in another one.

MANAGEMENT TOOLS

Project Management

In a study over 650 project managers Pinto & Slevin (1988) concluded that project success is something much more complex, in fact, the satisfaction of different stakeholders with the final result has a great deal to do with the perceived success or failure of projects.

Management of projects is typically defined as the process of planning, organizing, directing and controlling a company's resources for a relatively short-term target that has been established to meet specific goals and objectives (Kerzner, 1989). KPMG survey of 600 organizations across 22 countries showed that project complexity, in the IS/IT domain, increased in 88% of organizations and budgets increased in 79% of organizations (KPMG, 2005). The survey also finds that 86% of respondents had project outcomes that "fell short of planned expectations" (KPMG, 2005). Although some improvement has been seen in terms of project success, a relatively high frequency of project failures has been reported elsewhere as well (Cicmil and Hodgson, 2006; Xia and Lee, 2005; Pich et al., 2002).

Traditionally project management success focused on the development of the process dimensions of time, cost and quality (Redmill 1997; Globerson & Zwikael 2002). Further research found that the achievement of those requirements was not sufficient to measure project management success and evaluated dimensions such as the quality of the project management process or the satisfaction of the project stakeholder's expectations (Baccarini 1999; Schwalbe 2004).

According to Crawford (2002) project success is an important project management issue, it is one of the most frequently discussed topics and there is a lack of agreement concerning the criteria by which success is judged (Pinto and Slevin 1988; Freeman & Beale 1992; Shenhar, Levy & Dvir 1997; Baccarini 1999). Baccarini (1999) identified two distinct components of project success:

1. **Project management success:** Focuses upon the project process and, in particular, the successful accomplishment of cost, time, and quality objectives.
2. **Product success:** Dealing with the effects of the project's final product.

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