

Discussion Questions

1. What is likely to have led to increased trust for the IT organization?
2. What might explain an item that is seemingly quite unrelated to IT (costs per kilometer flown) decreased as a result of the new CIO structure?
3. What maturity level did KLM appear to exhibit (a) in 2000 and (b) in 2011? Why?
4. Why do you think that KLM requires its employees to use a standard business case template when they want to make an investment?

Sources: Adapted from Steven De Haes, Dirk Gemke, John Thorp, and Wim Van Grembergen, "KLM's Enterprise Governance of IT Journey: From Managing IT Costs to Managing Business Value," *MIS Quarterly Executive* 10, no. 3 (2011), 109–20, and "Analyzing IT Value Management at KLM Through the Lens of Val IT," <http://www.isaca.org/JOURNAL/ARCHIVES/2011/VOLUME-5/Pages/Analyzing-IT-Value-Management-at-KLM-Through-the-Lens-of-Val-IT.aspx> (accessed May 30, 2015).

■ CASE STUDY 8-2 Balanced Scorecards at BIOCO

BIOCO is a profitable and growing medium-sized biopharmaceutical company located in the southeast United States. It develops, produces, and markets vaccines and antibody-based pharmaceutical products. As part of the company's strategic transformation, BIOCO's CEO introduced a top-down, strategy-driven management process called the "BIOCO Way." The CEO has a strong conviction that the success of a company starts with a clear vision of what the company wants to be and a corporate strategy that reflects that vision. In the BIOCO Way, the corporate vision and strategy are translated into a long-term corporate strategic plan, which in turn is used to generate the corporate strategy map. To measure progress against the strategy map, a cascade of balanced scorecards (corporate, division/department) are developed and used. As a result of the full integration of the levels of balanced scorecards into the planning process, the BIOCO Way emphasizes how the strategies and related tactics should be carried out and measured at all levels. The CEO is a strong champion of balanced scorecards and is considered an in-house guru for the method.

Each year, BIOCO managers at the corporate and department levels review performance and assess the appropriateness of their respective balanced scorecards for the prior year. Based on the results of the performance reviews and a short-term execution plan for the upcoming year, strategic initiatives are added, modified, or removed, and the metrics in the scorecards are adjusted accordingly. The CIO thinks that the balanced scorecards help the departments look beyond their own operations, and the vice president thinks they mobilize everyone in the company by setting up tangible goals that are clearly linked to the overall goals of the company. The CIO thinks the scorecard enhances communications because it "provides a focal point and common language around the key value drivers of the organization," and it helps IT understand other business areas. To overcome cultural differences among the departments, he added culture as a fifth perspective in the scorecards.

Discussion Questions

1. What benefits has BIOCO realized from its use of balanced scorecards?
2. Do you think the BIOCO Way was useful in helping the IT department align its goals with that of the company? Why or why not?
3. Do you think that the BIOCO approach could be implemented successfully in large companies? Why or why not? If so, what, if any, adjustments need to be made?
4. BIOCO recently was sold and now has a new CEO. Do you think the BIOCO Way will be as successful under the new CEO? Why or why not?

Sources: Q. Hu and C. D. Huang, "Using the Balanced Scorecard to Achieve Sustained IT-Business Alignment: A Case Study," *Communications of the Association for Information Systems* 17, no. 1 (2006); Organized Change Consultancy, "Examples of Companies Using the Balanced Scorecard" (2010), <https://www.organizedchange.com/examplesofcompaniesusingthebalancedscorecard.htm> (accessed May 30, 2015).