

Confusing definitions about these terms often limit your ability to realize their potential

In the last year, the need for dashboards and scorecards for individuals in all areas of an organization has grown due to the demand for providing summary information about business performance across the enterprise. These software applications can provide common methods for individuals to understand and benchmark their organizational or business process performance to determine how their contributions affect corporate wide goals and objectives. Dashboards and scorecards can promote performance visibility and effectiveness, but only if designed and implemented appropriately. The challenge is that most companies don't understand the differences between the two approaches and so fail to distinguish which vendors provide the capabilities appropriate for their needs.

Why is this distinction so important? Well, if you don't select the right set of software suppliers that meet your business project's goals and requirements, you are potentially placing significant limitations and constraints on any benefits that you hope to achieve. The key is to understand all the possible approaches and then choose the one that best aligns to your needs. To clear up this confusion, I'll start with some common definitions and a framework for these terms:

Scorecard. A scorecard is an application or custom user interface that helps you manage your organization's performance by understanding, optimizing, and aligning organizational units, business processes, and individuals. It should also provide internal and industry benchmarks, goals, and targets that help individuals understand their contributions to the organization. This performance management should span the operational, tactical, and strategic aspects of the business and its decisions. You can use a methodology derived from internal best practices or an external industry methodology. (For example, the term "Balanced Scorecard" is a specific reference to the Kaplan & Norton methodology.)

Dashboard. A dashboard is an application or custom user interface that helps you measure your organization's performance to understand organizational units, business processes, and individuals. Conceptually a subset of a scorecard, it focuses on communicating performance information. Just like an automobile dashboard, it has meters and gauges that represent underlying information. A dashboard may also have some basic controls or knobs that provide feedback and collaboration abilities.

Living Up to Potential

The many different business intelligence (BI) technologies and tools, along with analytic applications, provide a variety of implementation approaches to scorecards and dashboards. Many organizations and vendors are taking BI tools that focus on querying and reporting and repackaging them as their approach to dashboards and scorecards. I am skeptical of this limited approach, as the potential is much greater to provide just the relevant and personalized information in a visual format that can focus attention on important areas. Just providing reports that individuals must page through to understand what is happening in the business is not enough. In addition, although many of these providers offer custom application development interfaces that may suffice for your needs, you should investigate the time and effort needed to fully build your application.

Software suppliers already exist that can provide you with tools that can deliver information at a summary level for easy visualization. Some of these features are visualization and analysis interfaces like cascading scorecards, organizational performance charts, odometers, and stoplight or threshold charts. This visualization approach also lets you very easily link information to other information that can indicate relationships with benchmarks, goals, or strategies.

If you examine scorecard and dashboard products, you will discover a vast array of features and capabilities that help present information in easy-to-understand ways and drive user actions. Keep in mind, however, that regardless of your approach, you need to understand the vendor's integration technologies in case you want to deploy the products via enterprise portals.



Dashboards or Scorecards - What's the Difference?

Recommendation

If you are starting a dashboard or scorecard project, you should first build a common definition and understanding of your project and requirements. This step will help you determine which software suppliers actually have the capabilities you need and will set the benchmark for the project. If you want to measure or manage your organization and business process performance, understand what you need to promote collaboration and actions that can help optimize business decisions across the entire enterprise.

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