

The Balanced Scorecard and the Autonomic Enterprise™

by Jack Shaw

As many already know, the Balanced Scorecard is a management system that enables organizations to clarify their vision and strategy and translate them into action. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results. But fewer are familiar with the concept of the Autonomic Enterprise™ and the important role the Balanced Scorecard can play in facilitating the Autonomic Enterprise™.

Imagine how hard life would be if we had to consciously manage every detail of our bodies—if we had to think about controlling our body temperature, and remember to pump our hearts once a second! Fortunately, our autonomic nervous system takes care of these details for us.

Business has long lacked any equivalent autonomic systems to manage day-to-day activities. So we waste valuable time and resources managing mundane details— simply maintaining the status quo. Until the advent of the Internet and the technologies it spawned, we could do little more.

However, it's now become clear that the Internet and e-Business, rather than being ends in themselves, are actually steps on the way to autonomic business processes. Driven by the tools of e-Commerce and e-Business developed over the past several years, technologies have evolved which enable us to design and implement self-managing business processes and the systems to support them.

These autonomic processes run without human intervention—most of the time. But, just as our bodies tell us when it's time to eat, or we can control our breathing when we decide to; autonomic processes tell us when they need our help, and we can always choose to intervene.

Recently, innovative organizations have implemented autonomic processes, with astounding results. They've improved service, cut costs, and made huge gains in market share and profits.

Autonomic Enterprises™ use current and emerging technologies as enablers to redesign their business processes in ways that will enable them to achieve their strategic objectives. And those strategic objectives are, in turn, set with a clear understanding of the enabling power of information technology.

This is where the Balanced Scorecard plays its roles in the Autonomic Enterprise™. Through its perspectives of Finance, Customer, Internal Process, and Learning & Growth, the Balanced Scorecard offers the opportunity to link and map an organization's strategies, on one hand, to the requisite business process improvements and use of information technology on the other.

The Balanced Scorecard can be a powerful tool for identifying the best approach for evolving an organization into an Autonomic Enterprise™. By using the Balanced Scorecard as an effective measurement tool, one can determine:

- ?? How “Autonomic” the organization should try to make each of its various processes,
- ?? The impact of redesign of each process on other processes, and, thus
- ?? The optimal sequence in which to redesign business processes.

But this is just the beginning. As organizations evolve toward becoming Autonomic Enterprises™, they will use the Balanced Scorecard as a strategic tool to keep the entire organizational “ship” on course — autonomically. That is, the organization's strategic “meta-process” will automatically use Balanced Scorecard results to drive the priorities and redesigns of business processes — in many cases without human intervention.

The result? Human executives will be freed up to focus on high level strategic issues. They will use the Balanced Scorecard to ensure that business processes within the organization are automatically designed and aligned so as to continually achieve their desired strategic objectives.