Scorecard Based Project Performance Management

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Abstract. In the past 20 years, Information Technology has advanced at a rapid pace. With the complexity of projects getting multiplexed, cost of the resources getting high, squeezing revenues and profits, client involvement in projects is increasing. Introduction of performance metrics and dissemination of the same through scoreboards has become an important attribute of project performance management. This has led to performance metrics become the focus of project management and joint reviews. Objective of the scoreboard based project management is to enhance visibility to strengths, opportunities and risks thereby take the informed decisions and appropriate actions. In this paper, we have presented our experience of implementing the scoreboard based project performance management in automotive projects. We have explained the strategy, how the scores are assigned, measured, analyzed and key benefits of using the scorecard based approach.

Keywords: Project performance management, Scorecard, Metrics.

1 Introduction

Driven by volatility in global economy and uncertainties in the market place, the demand on software service organizations to perform more efficiently and consistently has continued to increase. There is an unceasing urge for enhancing the performance capability of the teams. Performance of a software business group is determined by how well the individual projects contribute to the performance goals. Software measurement is the approach to control and manage the software process and to track and improve its performance [1]. Standards like CMMI [2] and Automotive SPICE® [3] also emphasis on the importance of measurement and metrics. By incorporating the methods to better measure, monitor and analyze, organizations can align the individual effort to a common goal. A scorecard is one such method that translates the project performance into score that enable measure and compare the performance, reward positive contributions and identify improvement areas.

2 Background

We have a set of client defined metrics for measuring the project performance. Performance of individual projects is measured in the dimension of Cost, Quality and
Time to market. Target goal for each metric is defined by the client through mutual negotiations. Quality metrics represent the goodness of the deliverables, example of quality metrics are goodness index, rejection index, defect density etc. Schedule metrics indicate the timeliness of the deliverables and adherence to time-to-market target. Cost metrics refer to the team efficiency and measured in terms of productivity. We have regular project performance reviews conducted by client at project level at regular intervals. To internally manage and get a view of status at granular level as well as at an aggregate level, we wanted to have an internal decision support system that enables simple way of measurement, apple-to-apple comparison & analysis, and status reporting. Objectives were: (1) Identify superior performance and award performance points (2) Identify early warning signals (3) Enable intermediate course corrections (4) Provide triggers for improvement initiatives

3 Approach

To achieve the objectives as listed in section 2, we wanted to have a simple grading system for projects. We finalized upon a scorecard system. Overall concept is as shown in the figure 1. Scorecard we designed is a simple dashboard with reports and visual indications. Performance metrics from each project form the inputs for the score card. Analysis reports help take informed decision and plan the action. Metrics computed at project level are the fundamental building blocks for the scorecard. Currently, score card is designed for 3 factors and 4 levels. It is scalable for additional factors and levels.

Factors are Cost, Quality and Schedule. Levels are Project, PM (Project Manager), Project category and Group. Using the cost, quality and schedule metrics as starting points, adherence to target is measured in terms of ‘Compliance Quotient’. At project level, Compliance Quotient value equal or greater than 0.85 indicates that target is