

360-Degree Knowledge Management And The Balanced Scorecard

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ABSTRACT:

This article explores the relationship between the Balanced Scorecard (BSC) and the 360-degree Knowledge Management (KM) model. It shows how 360-degree KM and the Balanced Scorecard can not merely co-exist but complement each other so a user gets the maximum results from both.

Keywords: *360-Degree Knowledge management, Balanced scorecard*

1. The 360- Degree KM Model - Recapitulation

The 360-degree KM model (Hariharan, 2005) enables a single-window access to *all* Knowledge within and outside an organization that is relevant to the most critical aspects of the business. The model shows how to organize this Knowledge around your most critical business measures. 360-degree KM enables companies to maximize their effectiveness in managing and deploying knowledge relevant to improving performance on their top priority business measures.

The 360-degree KM model helps to keep KM relevant to the business, to smartly focus KM efforts and to ensure real business results and performance improvements through KM.

Most companies today suffer not from lack of knowledge, but from sub-optimal ability to effectively deploy *all* available knowledge and expertise relevant to their top priority business measures – resulting in non-attainment of their full potential in business performance.

The 360-degree KM model attempts to help organizations unleash the power of integrating knowledge and expertise along six *Knowledge Dimensions* for each of their top priority business measures – and thereby help raise their business performance to its full potential.

2. How The Balanced Scorecard Helps 360-Degree KM

The Balanced Scorecard (BSC) concept pioneered by Kaplan and Norton and adopted in various forms by numerous organizations across the world essentially offers a holistic or “balanced” measurement system. It includes a combination of measures of outcomes or “lagging” measures and enablers or “leading” measures under four “perspectives” – Financial, Customer, Internal Business Process and Learning &

Growth. It also focuses on “linkages” among these measures to ensure that your scorecard is not merely a bunch of disconnected measures, but a powerful combination of inter-linked measures that represent the health of your organization and work in tandem to lead to the achievement your top one or few ultimate business objectives. For most business organizations, the “ultimate” objective is a financial objective.

Organizations with a Balanced Scorecard (or a similar balanced measurement system called by any other name) already in place are at an advantage in getting the maximum results from 360-degree KM. This is because of the following.

2.1. Your Top Priority Business Measures Are Already Identified

If you have a BSC, your task of identifying and measuring (or putting in place a measurement system for) your top priority business measures is already taken care of. If you have a BSC you need not – rather, you *must* not – identify another set of measures to focus your KM efforts on. The measures on your BSC *are* your most critical business measures. You may select all (or a sub-set to begin with) of your BSC measures as your top priority business measures for your 360-degree KM program.

Remember the first two questions that 360-degree KM asks you to answer are “Do I know what my most critical business measures are?” and “Do I have a measurement system that helps me know how we are doing?” If you already have a BSC, your answer to both these questions is “Yes”.

2.2. Alignment With Business Objectives And Focus

Two key objectives of 360-degree KM are to keep KM relevant to your business and to focus your KM time and resources effectively.

The BSC will help you in doing this. At the core of your 360-degree KM model will be your BSC measures. By focusing your KM efforts on all or a sub-set of the measures that form part of your BSC, you will be able to keep KM relevant to your business and focused on your most critical business measures.

2.3. Real Business Results

Focusing your KM efforts around your BSC measures will enable you to ensure real business results and performance improvements through KM. This is because the BSC consists of measures that are critical to sustained success of your business.

2.4. Cultural Alignment

BSC organizations will in general be culturally in an advanced state of preparedness to get the maximum results from their 360-degree KM program as compared to organizations that haven’t completely thought through and identified their top priority business measures and put in place systems to measure and monitor these regularly. BSC organizations will also have a culture of sharp focus by every employee on a relatively few but vital measures and, more importantly, ruthless plugging of any “leak” of efforts, time or resources on anything that is not directly relevant to a top

priority business measure. Such a culture is highly conducive for 360-degree KM to thrive.

3. How 360-Degree KM Helps Your Balanced Scorecard Initiative

Having a 360-degree KM initiative in place will benefit your BSC initiative by helping to maximize performance on each of the measures on your BSC.

360-degree KM does this by enabling your organization to fully leverage *all* internal and external knowledge and expertise relevant to each BSC measure. It will also facilitate the identification of subject-matter experts around each of your BSC measures, knit them into communities and provide each of your *communities of experts* (which is around one of your BSC measures) a single-window access to each other and to the repository of knowledge relevant to improving performance on their measure. It promotes collaboration among your experts so that each community works as a common pool of talent available to all parts of your organization, and eliminates re-invention.

Synergy not limited to the “Learning & Growth” perspective

There have been several articles (all entirely valid and written in different contexts) that have talked about the relationship between KM and the Learning & Growth perspective of the BSC. It must be pointed out here that the synergy between 360-degree KM and the BSC is not limited only to the Learning & Growth perspective of the BSC, but applies to all four perspectives. If your organization has a BSC, you would have measures under all four perspectives – Financial, Customer, Internal Business Process and Learning & Growth. These same measures would also be your top priority business measures for KM. Therefore, 360-degree KM is relevant to all your BSC measures.

Do not lose focus

Some organizations create a “KM Scorecard” and similar scorecards for other strategic initiatives. Always remember your organization has only one overall business scorecard and never lose sight of this. Your business objectives and measures are all on this scorecard. The top priority business measures for your 360-degree KM program must be from this scorecard only.

If you find it useful to have a subsidiary scorecard to track “enablers” of your KM program – e.g. statistics of knowledge sharing and replication activity, employee engagement in KM and so forth – have a “KM Scorecard” by all means. In fact it is important to track these enablers for sustained business results through KM. But you must ensure that your KM Scorecard doesn’t become an end in itself or make you lose focus from your ultimate business scorecard.

4. Conclusion

60-degree KM and the BSC support each other – and each of the two benefits from the other. The synergy between 360-degree KM and the BSC is not limited only to

“Learning & Growth”, but applies to all four perspectives of the BSC. This does not mean that having a formal Balanced Scorecard initiative is a pre-requisite to 360-degree KM. Neither is it suggested that 360-degree KM will not work without the BSC. However, as we have seen, there is very considerable synergy between these two strategic tools and smart organizations will not only deploy both of these, but will obtain best results by ensuring that the two initiatives work in tandem and complement each other.

5. References

Hariharan, A. (2005), “360 Degree Knowledge Management”, *Journal of Knowledge Management Practice*, May 2005

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