12-2008

Picking Investments in Knowledge Management

Olivier Serrat
Asian Development Bank

Follow this and additional works at: http://digitalcommons.ilr.cornell.edu/intl
Thank you for downloading an article from DigitalCommons@ILR.
Support this valuable resource today!

This Article is brought to you for free and open access by the Key Workplace Documents at DigitalCommons@ILR. It has been accepted for inclusion in International Publications by an authorized administrator of DigitalCommons@ILR. For more information, please contact ilmdigital@cornell.edu.
Picking Investments in Knowledge Management

Abstract
{Excerpt} What can be measured is not necessarily important and what is important cannot always be measured. When prioritizing investments in knowledge management, common traps lie waiting. They are delaying rewards for quick wins, using too many metrics, implementing metrics that are hard to control, and focusing on metrics that tear people away from business goals.

How can investments in knowledge management be picked? This is no easy matter. What can be measured is not necessarily important and what is important cannot always be measured. Not surprisingly, despite the wide implementation of knowledge management initiatives, a systematic and comprehensive assessment tool to prioritize investments in knowledge management in terms of return on investment is not available. This owes to the difficulty of demonstrating direct linkages between investments in knowledge management and organizational performance, most of which can only be inferred, and the fact that the miscellany of possible knowledge management initiatives calls for both quantitative and qualitative approaches. This is indeed the rationale behind the Balanced Scorecard introduced by Robert Kaplan and David Norton in 1992, whose qualities make it quite useful as a knowledge management metric.

Keywords
Asian Development Bank, ADB, poverty, economic growth, sustainability, development

Comments

Suggested Citation

Required Publisher's Statement
This article was first published by the Asian Development Bank (www.adb.org)
Picking Investments in Knowledge Management
by Olivier Serrat

The Limitations of Traditional Metrics
How can investments in knowledge management be picked? This is no easy matter. What can be measured is not necessarily important and what is important cannot always be measured. Not surprisingly, despite the wide implementation of knowledge management initiatives, a systematic and comprehensive assessment tool to prioritize investments in knowledge management in terms of return on investment is not available. This owes to the difficulty of demonstrating direct linkages between investments in knowledge management and organizational performance, most of which can only be inferred, and the fact that the miscellany of possible knowledge management initiatives calls for both quantitative and qualitative approaches. This is indeed the rationale behind the Balanced Scorecard introduced by Robert Kaplan and David Norton in 1992, whose qualities make it quite useful as a knowledge management metric.

Common Traps
When prioritizing investments in knowledge management, common traps lie waiting. They are
- delaying rewards for quick wins,
- using too many metrics,
- implementing metrics that are hard to control, and
- focusing on metrics that tear people away from business goals.

Until the state of the art is better developed, it is in the final analysis recommended to consider knowledge management initiatives as a portfolio of well-balanced investments.

A Purposeful Medley of Insights
Figures 1–8 present a purposeful medley of insights that can help pick investments in knowledge management. They cover in turn
- a time management approach to full agendas that focuses on importance and urgency;
- generic features of a portfolio of knowledge management initiatives;
- ways to map knowledge management initiatives by knowledge agent, form of knowledge, and core knowledge activity;
- four broad aspects that sustain an innovative organization;
- five areas of value creation in knowledge products and services;
- ways to locate knowledge management initiatives in an options space;
- a multi-staged review process to underpin knowledge product and service development; and
- an approach to strategic management that balances the financial perspective.

In the spirit of learning, readers are invited to ponder the usefulness of each depending on context.

**Figure 1: Eisenhower Matrix**

<table>
<thead>
<tr>
<th>Importance</th>
<th>Urgency</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>High</td>
</tr>
</tbody>
</table>

- **Quick Fix**
- **Drop it**
- **Schedule Time**
- **Now!**

Note: Dwight Eisenhower is the originator of the matrix.*

**Figure 2: Knowledge Management Investment Features**

- **Near Term**
  - Expanding or Defending
  - Building
  - Exploring

- **Medium Term**

- **Long Term**

Figure 3: Mapping Knowledge Management Investments


Figure 4: Innovative Knowledge Product and Service Development

Figure 5: Value Creation in Knowledge Products and Services


Figure 6: Value-to-Cost Ratio

Figure 7: The Knowledge Product and Service Development Process


Figure 8: Balanced Scorecard

Further Reading

For further information
Contact Olivier Serrat, Head of the Knowledge Management Center, Regional and Sustainable Development Department, Asian Development Bank (oserrat@adb.org).

Knowledge Solutions are handy, quick reference guides to tools, methods, and approaches that propel development forward and enhance its effects. They are offered as resources to ADB staff. They may also appeal to the development community and people having interest in knowledge and learning.

The views expressed in this publication are those of the author and do not necessarily reflect the views and policies of the Asian Development Bank (ADB) or its Board of Governors or the governments they represent. ADB encourages printing or copying information exclusively for personal and noncommercial use with proper acknowledgment of ADB. Users are restricted from reselling, redistributing, or creating derivative works for commercial purposes without the express, written consent of ADB.

Asian Development Bank
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
Tel +63 2 632 4444
Fax +63 2 636 2444
knowledge@adb.org
www.adb.org/knowledgesolutions