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>
<th>Time to Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Low</td>
<td>Low Risk</td>
</tr>
<tr>
<td>High</td>
<td>High</td>
<td>High Risk</td>
</tr>
<tr>
<td>Quick Fix</td>
<td>Now!</td>
<td>Expanding or Defending</td>
</tr>
<tr>
<td>Drop it</td>
<td>Schedule Time</td>
<td>Building</td>
</tr>
</tbody>
</table>


Note: Dwight Eisenhower is the originator of the matrix.

**Figure 2: Knowledge Management Investment Features**

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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).