

Strategy Maps – A Tool for Strategic Management with High Impact on Organisational Knowledge Creation and Integration

Unforeseen Experiences from a Balanced Scorecard Project in the Healthcare Sector

Klaus Valentin

(Ramsauer & Stürmer Consulting, Linz, Austria
valentin@rs-consulting.com)

Martina Augl

(Ramsauer & Stürmer Consulting, Linz, Austria
augl@rs-consulting.com)

Abstract: In the context of the Balanced Scorecard development in the Upper Austrian Gesundheits- und Spitals AG (gespag) the methodology of strategy maps was applied in order to build a base for the definition of relevant areas of strategic measures. When applying the methodology it turned out that it is very supportive also from the knowledge management perspective (especially 2nd Generation KM), e.g. for the explication of knowledge, cognitive mapping, the creation of a common-mindset (organisational learning), the storage of information and individual learning about strategy and systemic thinking. Furthermore, it allows organisational knowledge integration meaning that people can integrate both the explicated knowledge in their system or their work, and the appropriate “sense” of the further information provided. The intention of the article is to show that methods of strategic management, and possibly from many other fields, can also be very beneficial in a knowledge management context.

Key Words: Knowledge Management, knowledge creation, knowledge integration, strategy maps, balanced scorecard

Categories: M.1, M.4

1 Introduction

In February 2007 the Balanced Scorecard (BSC) project in the “Oberösterreichischen Gesundheits- und Spitals AG” (gespag) was started. The aim of the project was to develop and implement a BSC in various organisational entities in order to increase the effectiveness and efficiency of the operationalisation and implementation of organisational strategies. The gespag was founded in 2001 and consists of the headquarter, 10 hospitals, schools and academies for the education in the field of health professions, and the inhouse department health informatics. Currently the gespag employs about 9.000 persons.

The project started with an investigation of existing strategy related documents, followed by a development of strategy maps in order to translate organisational

strategies into areas of organisational change (strategy oriented objectives) that are relevant for the achievement of the defined targets. In order to integrate all relevant stakeholders, background knowledge, and insights a project team with representatives from the operational management, the gespag hospitals, and schools and academics was set up.

2 The Methodology of Strategy Maps and their Application in the gespag BSC Project

The elaboration of a strategy map builds one important step when developing a BSC. It is performed after the analysis of strategic documents and assumptions. Prerequisite for the development of a strategy map is the existence of a defined and agreed organisational strategy. A strategy map builds a visual reference for an organisation with regards to its strategic objectives [Kaplan, 2004].

The aspects covered in a strategy map are:

- 1) Relevant steering perspectives
- 2) Strategy oriented objectives – areas for organisational development
- 3) Cause-and-effect chains between objectives

Steering perspectives were derived from the question about the central influencing factors for the achievement of strategic objectives. The perspectives should cover both, the main internal and external aspects like customers or investors (external) and internal aspects like processes, finance and learning. In respect of the gespag, the four perspectives are official mandate/customers and patients, financial aspects, service provision, and employees/internal potentials. Based on the main strategy, areas of change have been defined for each perspective in form of concrete objectives.

As a third step cause-and-effect chains were identified by investigating and documenting the altering dependencies between objectives. As it turned out that the views and possibilities of interrelations can be almost unlimited (interesting from a knowledge management perspective when it comes to the explication of individual knowledge in the discussions), the question with regards to the interrelation was concretised towards a focus on critical influence on strategic objectives. Furthermore, it was decided to represent only relations from the bottom to the top perspective (see figure 1) in order to build “stories of change” that should be communicated to the employees for a better understanding of the strategy.

The advantage of strategy maps is that all relevant information about the strategic objectives of an organisation can be presented at “one glance”. It is a good support for the communication of strategic objectives and interrelations.

Pictures build a very important medium for communication. Nevertheless objectives and interrelations were documented verbally to avoid multiple interpretations of the single terms and lines.

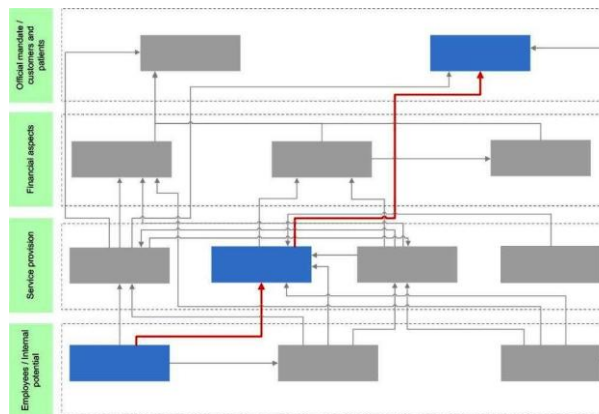


Figure 1: The overall strategy map of the gespag incl. “stories of change” (red lines)

3 The Methodology of Strategy Maps from the Perspective of Knowledge Management

As became clear in the last chapters the process of developing a strategy map needs intensive discussions. The discussion of an organisation’s strategies from various perspectives and their interrelations is much about exploring overall and one’s own mental models, attitudes, and values. In this context, emotions can arise easily. Therefore, it is necessary to be able to suspend one’s own point of view and get into some kind of dialogue with each other [Bohm, 1996]. Thus, individual concepts can be made explicit and individual knowledge claims [Mc Elroy, 2003] can be brought in.

Dialogue has a great impact on individual learning [Argyris, 1978] especially since the project team was composed of different key persons from all relevant areas of the organisation. Throughout the process the different knowledge claims were evaluated several times.

The concept mapping did a lot of helpful work in this intensive process: it made (partly implicit) knowledge and claims explicit and created pictures and better understanding in the minds of the team members; resulting in shared meaning and organisational learning [Kim, 2001].

Drawing the most important interrelationships (cause-and-effect chains) led to a better understanding of the organisation as a whole, its strategic intentions, and the contradictions between the various perspectives. Thus, the development of the map strongly supported the developing of expertise in systemic thinking, seeing the “big picture”, and sensing to complex interrelations. The development of shared meaning on the one hand and personal involvement and engagement within the process on the other hand led to strong commitment and motivation for the gespag BSC.

A strategy map can be seen as a kind of knowledge map that represents the strategy and objectives of the organisation and gives insight knowledge into the discussion process. The map is a beneficial tool for the communication of the strategy towards all employees and therefore also for organisational knowledge integration.

The process behind the development, reflexion, and communication of strategy maps supports the concept of 2nd Generation Knowledge Management [McElroy, 2003]. “Classical” (1st Generation) Knowledge Management assumes that all (relevant) knowledge is already existing and only has to be transferred from A to B and can then be used throughout the organisation (supply-side view). The 2nd Generation is adding the aspect of knowledge production and describes the whole knowledge life cycle as a recursive process of knowledge production, integration and use (demand-side view). The setting of the project in different teams (core team, project team, sub-teams) made it necessary to “run the knowledge life cycle” several times – ending in a lot of critical thinking, reflexion, and new ideas.

4 Conclusion

The paper at hand presented the experiences that were made by Ramsauer & Stürmer Consulting during the development process of the BSC in the gespag when elaborating the strategy map for the headquarter. These experiences show that strategy tools can also be seen as instruments of knowledge management when consciously used in this context. In many cases this consciousness does not exist in companies or public institutions. So when performing such strategic activities knowledge management issues can (and should) also be taken into account and communicated towards the clients. This will lead to new benefits in strategy related consulting projects.

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