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### Hot Spots or Balanced Score Cards?

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# Hot Spots or Balanced Score Cards?

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## Abstract

Executives are spending time and effort to create working culture where employees are willing to cooperate and cooperation should be in a line with corporate mission, vision and within corporate strategy. In addition according to Gratton, (2007), “This willingness to cooperate was crucial to the second element, the capacity of people to work with others outside their boundaries” (p. 8). When employees are willing to cooperate and to contribute beyond their administrative boundaries they are triggering problem solving and innovation. Academic literature, offers two approaches for increasing productivity and cooperation within teams and team members. Gratton (2007) discusses Hot Spots that are places and times where cooperation flourishes, while Niven (2002), discusses balanced scorecards as tool “to assists organizations in overcoming two key issues: effective organizational performance measurement and implementing strategy” (p. 3).

This paper discusses Grattons and Nivens approaches and author had provided conclusions and recommendations. In addition, for this paper, academic journals from EBSCO database were used.

*Keywords:* Hot Spots, Balanced Scorecards, Performance

## Hot Spots

According to Gratton (2007) “Hot Spots are places and times where cooperation flourishes, creating great energy, innovation, productivity, and excitement” (p. 7), and hot spots may appear at any department or business unit within organization. In addition, Gratton (2007), had defined success of hotspots as multiplication of five occurrences within organization, like Hot Spots = (Cooperative Mindset × Boundary Spanning × Igniting Purpose) × Productive Capacity.

According to Gratton (2007) “A cooperative mindset does not arise from a single characteristic; instead it arises as a result of a whole system of practices, processes, behaviors, and norms. Cooperation is not built; it emerges” (p. 55), and cooperative mindset depends from leaders attitude toward competition and cooperation. Furthermore according to Ruhli et al (2017) “Mindsets represent cognitive heuristics that guide the attitudes and behaviors of individuals across different contexts by providing established patterns for social contact” (p. 294)

However hot spots may also vanish suddenly as a result of demotivation, staff turnover and miss leading management. In addition, competitive working environment and stress trigger staff turnover and talented employees are leaving company. Roskes (2015) concludes “threatening situations, in which people fear negative outcomes or failure, evoke avoidance motivation” (p. 197), while according to Danish et al (2014) “Employees are questioning the relationship between spirituality and their work and are looking for work that is inspiring and meaningful” (p. 24). Nowadays, employees are well educated and they have access to information and according to Benkler (2006) “Information, knowledge, and information-rich goods and tools play a significant role in economic opportunity and human development” (p. 13).

In order to have cooperative mindset in place within company, human resource department should identify team players during the recruitment process and reward policies should be based on team performance and not on personal achievements. Furthermore, positive leadership, mentoring, good communication and team building will trigger relationship and mutual trust between employees.

Furthermore, relationships between employees should create learning environment such members of an existing group exploit their common knowledge for continuous improvement even in a case where they know each other but have different roles. However learning is not about problem solving and according to Argyris (1999) employees “need to reflect critically on their own behavior, identify the ways they often inadvertently contribute to the organization’s problems, and then change how they act” (p. 4) and knowledge can also be tacit and experiential (Gratton, 2007) and this is knowledge that is built up over time by people and the groups of which they are members.

The value of boundary spanning depends on which boundaries are spanned and to what extent and according to Gratton (2007) “Value in companies is created by exploiting what is already known through strong relationship ties. Novelty and innovation emerge through exploration; this is facilitated by networks of relationships that cross boundaries” (p.91). However according to Niven (2002) “The Balanced Scorecard represents the best solution for broadcasting your values, reviewing them over time, and creating alignment from top to bottom in the organization” (p. 81). While cooperative mindset sets the stage, boundary spanning increases probability for innovation, nest point is ignition point and igniting purpose come in three forms, an igniting vision, an igniting vision and, an igniting task (Gratton, 2007, p. 93). Figure 1 shows Hot Spots Steps.

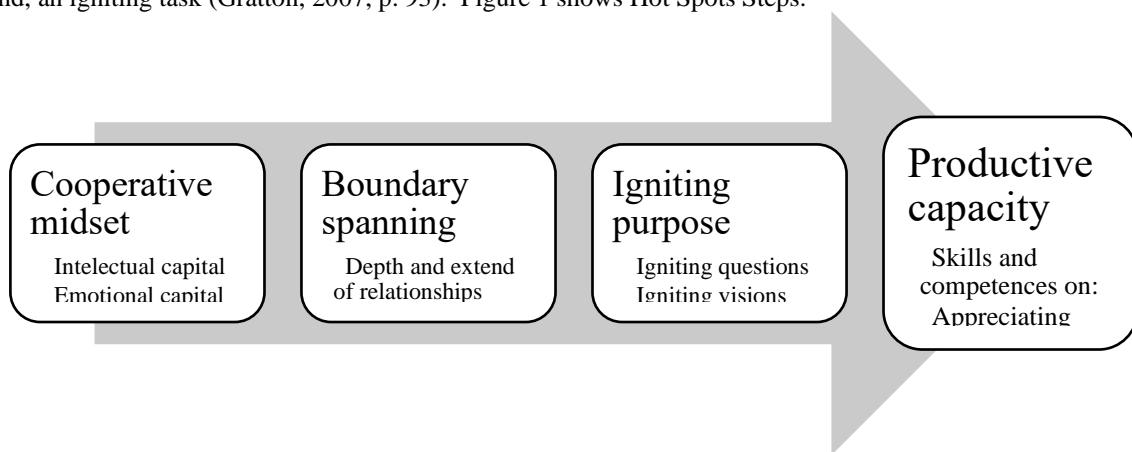


Figure 1. Hot Spots Steps

## Balanced Scorecards

Organizations, have their vision, mission and based on their vision, business strategy is created. Business strategy is implemented by employees that are divided in different departments and business units. However the challenge remains on distributing same information to all employees with the goal to implement business strategy and balanced scorecards are used as tool to send this message. According to Norrie and Walke (2004) “This instrument transforms strategy into operational plans and strategic measures that enable the organization to decide whether or not a project is operating on-strategy.” (p. 50), while according to Kaplan and Norton, (1996) “The balanced scorecard relies on four processes to bind short-term activities to long term objectives; translating the vision, communication and linking, business planning, feedback and learning’ (p. 1). Balanced score cards are measuring performance and they are impacted by changes and activities within corporate. Figure 2 shows balance and impact on balance scorecards.

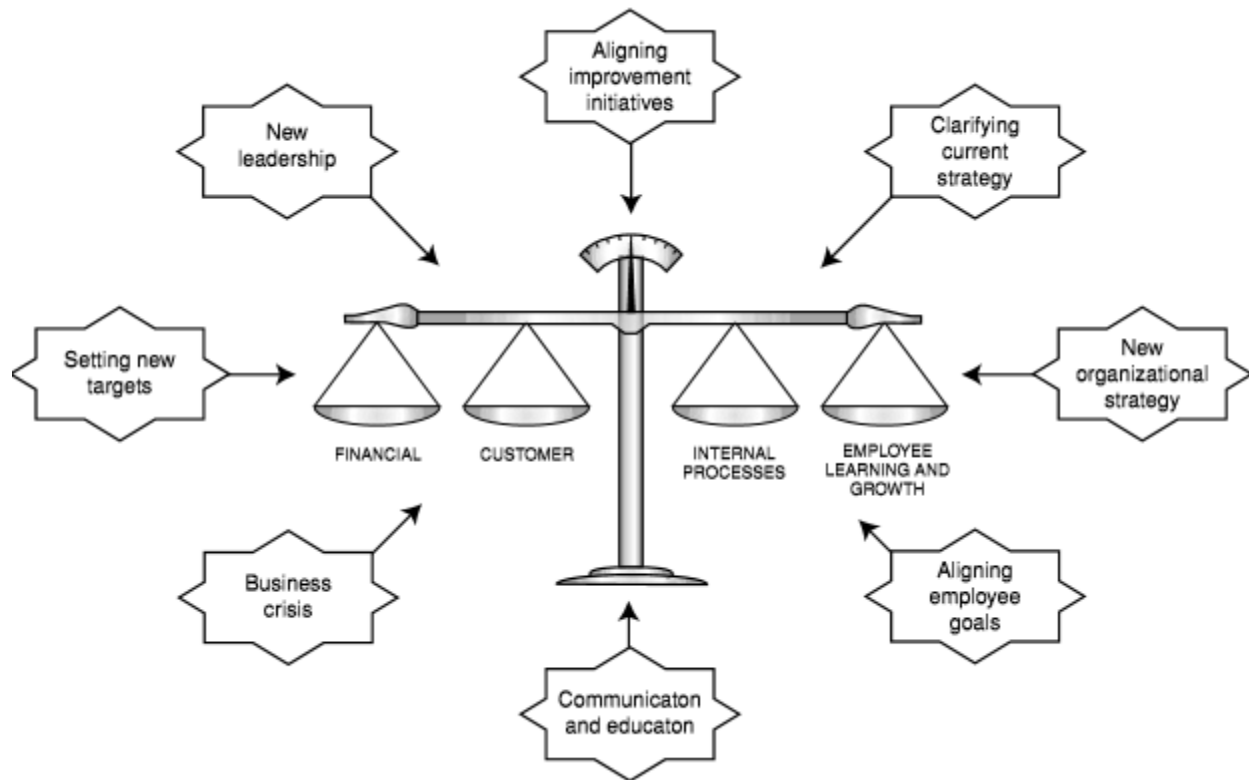


Figure 2. Balanced Scorecards, Adopted from Niven (2002)

The need for Balanced scorecards implementation may appear in case where, performance is acceptable on all dimensions except profit, customers don't buy even when prices are competitive, no one notices when performance measurement reports aren't produced, managers spend significant time debating the meaning of the measures, share price is lethargic despite solid financial performance, and, when corporate strategy is changed (Niven, 2002) and all those cases according to Gratton (2007) are accruing when the big freeze has taken over.

However, according to Abyad (2011) the challenge with balanced scorecards remains with the fact that each company is unique and how balanced scorecards can be standardized.

## Conclusion

Hot Spots are describing working environment where coworkers know each other, and when they are identifying themselves with the company. In addition, Gratton (2007) states that Hot Spots are in correlation with Cooperative Mindset, Boundary Spanning, Igniting Purpose and Productive Capacity and the process consists of five phases:

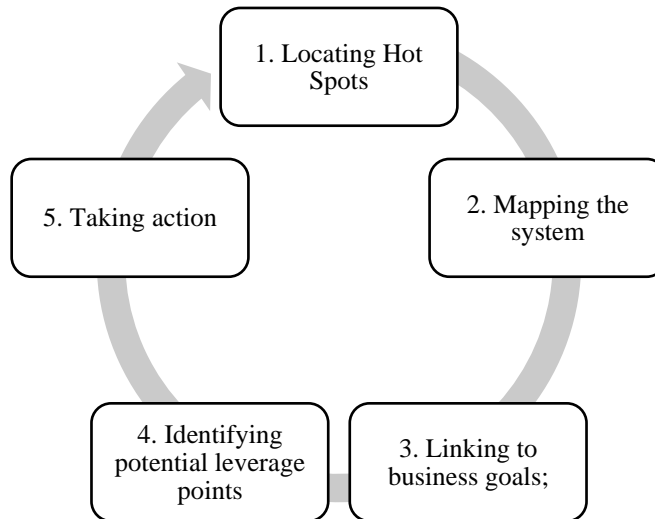


Figure 3. Hot Spots Five phases

However, Hot Spots are vulnerable and they may vanish suddenly, furthermore, according to Crabb (2007) “Toxic values and attitudes at the top of an organization spread down through the ranks and stifle hot spots” (p. 10). Hot Spots concept seems to be more academic or scholar model, since within this model, priority is given to relations between coworkers, while shareholders interest and business objectives are considered after the Hot Spot had emerged. In addition, proposed model will faces challenges during the implementation, like resistance to change, legal limitation that public corporates could have and within companies that need professional staff like project managers, developers, cyber security expert that could be categorized as aggressive. Furthermore, it is not clear how employee will know each other when they are working in virtual and remote teams.

However, Hot Spots and balanced scorecards, are stressing importance of mission and vision, while within Hot Spots there are three ignition ways, key performance indicators are stressed for balance score cards.

It remains on executives and managers to create potential environment for Hot Spot evolution, and furthermore managers should be able to recognize Hot Spots and deep freeze. In addition, Hot Spots will trigger problem solving and innovation.

Balanced scorecards seems to be traditional tool for strategy implementation, however the issue with balanced scorecard remains with the fact that each organization is unique and the question that should be raised is Does one size fits all? Furthermore, balance scorecards will help to implement strategy and they will measure performance, however balanced scorecards are not stimulating innovation like Hot Spots.

Before, promoting Hot Spots within corporates, managers and executives should train their staff to recognize Hot Spots, to promote diversity and to change working culture within organization. This task seems to be challenging especially within project based organizations because of temporary staff, professional teams and because of virtual and remote working environment.

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