

Linking Knowledge Management with other Organizational Functions and Disciplines: A Guide to Good Practice

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Linking Knowledge Management with other Organizational Functions and Disciplines: A Guide to Good Practice

Dominic Kelleher – Halcyon, Markus Perkmann, Harry Scarborough,
Rency Kannenkeril – KIN (Knowledge & Innovation Network)

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Foreword

Since 2001, and through until at least 2005, the British Standards Institution (BSI) intends to develop a range of publications that cover the following areas:

- a) The emerging management science commonly known as “Knowledge Management” (“KM”);
- b) KM’s relationship with other management sciences.

KMS/1, the committee of experts formed by BSI to steer and review its work in KM, is currently working on a range of publications looking deeply into the subject. Many of these are in the form of guides to good practice, aimed at helping readers and their colleagues improve their management of knowledge. The first KM publication by BSI, and one that we would recommend to all those with limited familiarity with the subject, is *KM: A Guide to Good Practice*, often known simply by its reference — PAS 2001.

For this present Published Document (PD), acknowledgement is given to the members of KMS/1 and to representatives of the organizations who agreed to be interviewed during the preparation of this guide for their kind contributions. The authors were invited by BSI/DTI to produce this PD in accordance with the brief approved by BSI’s KMS/1 panel of experts (document number 02/400483). The lead contractor in the production of this PD is Halcyon, which sub-contracted key parts of the project to the Knowledge and Innovation Network (KIN). The authors’ approach combined the following:

- a) *Literature review (desk research)*: There is already in the public domain substantial literature on approaches, models and existing practices linking KM with other key organizational functions and emerging processes. The authors identified, analysed and summarized what they considered to be the most relevant aspects of this literature for UK private and public sector readers;
- b) *Interviews (primary research)*: The authors interviewed practitioners in the public and private sectors, each of whom is responsible for managing an organizational function such as HR, marketing, IT or learning, and/or responsible for CRM, or Quality etc. Questions (see Annex A) focused on whether interviewees were familiar with KM, their perceptions of how (if at all) KM currently interfaces with their own functional area/management process and their experiences, good and bad, of KM in action. Primary research within organizations that have already adopted KM has also been instrumental in helping determine whether the approaches are merely theoretical, or actually operational.

Summary of pages

This document comprises a front cover, an inside front cover, pages i to viii, pages 1 to 63 and a back cover.

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Executive summary

“All that matters is that organizations are able to extract maximum value from their knowledge, internal and external. Much activity within organizations in fact takes place under banners other than KM, such as e-business, Innovation, and CRM.”[1]

Making Knowledge Management (KM) relevant to UK plc, SME and public sector organizations depends upon exerting a positive impact on organizations and their various areas of business activity and functions. By examining current practices across a range of organizations, this PD examines how such relevance can be achieved.

Our research indicates that forward-looking organizations do not necessarily see KM as a traditional organizational function. Rather, they tend to prefer to establish KM as an organizational competence; when they are successful, such competence resides everywhere in the organization. The actual label “KM” may be de-emphasized in the process, but this can be a good thing, meaning that the practice of KM, however it is labelled, is not viewed as the exclusive preserve of an isolated function.

Where this strategy can be most effective is in spreading knowledge skills as widely as possible throughout the organization. At the same time, it can help avoid traditional rivalry between functions, or help an attempt to “colonize” KM within a small community, which has marked many previous initiatives in this area.

KM as a management practice

Generally, KM is no longer seen as merely the provision of large-scale software systems or providing the pipes required for knowledge flows. KM practitioners have long recognized that such an infrastructure approach is in itself not sufficient. Rather, successful KM will attempt to infuse new knowledge behaviours and hence change the way people access, store, share and create knowledge. KM has therefore now become a relatively well-established and widespread management practice aimed at helping, guiding and co-ordinating people in how they seek, supply or share knowledge.

The organization of KM

The role that KM plays in an organization and the links that it develops with other groups are normally the result of both top-down and bottom-up processes. Senior managers can help to provide the overall mandate for KM, based on the strategic needs of the business. Thus, an SME may not have a formal KM function at all, as much knowledge sharing takes place informally within the business. Other types of organization may have different KM requirements, depending on their need to create knowledge (e.g. research-intensive) or exploit knowledge (capital-intensive). On the other hand, KM can also develop from the bottom-up, as different groups or individuals seek to promote KM to solve their own specific problems. The challenge of linking KM to other functions should be viewed from both of the following perspectives:

- Ensuring that knowledge is related to steps in the key business processes
- Ensuring that the value of knowledge is recognized in both performance management and career management systems.

One of the main reasons that many KM projects have failed is precisely because they did not make a strong linkage with other functions and management trends and therefore did not engage the “hearts and minds” of all key stakeholders. The nature of these linkages should depend on the strategy of each organization and on the particular approach to KM that is being adopted, but it should not simply be a question of relying on one or two champions or enthusiasts to provide the sustained commitment needed to make these links effective.

Where these links are most effective, they can help managers spread knowledge behaviours more widely across an organization. This is a task that requires both technical and social skills, as well as strategic foresight. In such a case, KM is typically implemented by a multidisciplinary team that acts essentially as an internal consultancy unit and specializes in solving knowledge-related issues. This team's approach can be characterized by any of the following features:

- **Issue-driven:** Activities are driven by issues that, in many cases, are closely connected with overall organizational objectives and strategies.
- **Versatility:** Interventions can focus on people-issues or tools, depending on the issue addressed. In most cases, however, these teams will prioritize people issues, and deploy tools as a means to an end.
- **Competence:** Many members of such teams may have an IT-related background, but there appears to be a trend towards a more multidisciplinary environment, emphasizing, in particular, consultation and facilitation skills.
- **Mandate:** KM teams continuously re-create their own mandate by demonstrating their value to senior management and the rest of the organization. They have the ability to sense the needs and requirements of potential internal clients within the organizations — i.e. other groups and departments.

Towards KM maturity

For many KM teams and individuals alike, these trends mean that they will have to diversify their skill base — extending skills that are often rooted in IT or Information Management. This may be a challenge at a personal level or for the group, but if successful it will enable them to deploy KM to identify and resolve organizational challenges of strategic relevance.

Once the required competence is present, successful KM teams can manage to obtain a strategic mandate that is connected to a broader organizational objective (several cases in this guide serve as examples of how to institutionalize KM in this strategic way). Basing their activities squarely on the strategic agenda of an organization can help KM practitioners gain the required and sustainable support from senior management — a frequently mentioned barrier to the successful deployment of KM.

Success factors for KM interventions

To maximize their organizational impact, KM teams need to make sure they make the most of their — often moderately resourced — activities. The material presented in this PD suggests that the following alternative approaches can prove helpful in trying to achieve this:

- **Act as an innovation agent:** Successful KM teams tend to operate as innovation agents that bring new solutions into an organization, pilot and test them on a small scale basis and finally roll them out throughout the broader organization.
- **Customer focus:** Successful KM teams often manage to enlist other functions and groups into their activities by identifying issues and possible solutions that are of actual relevance to them. Once initiated, projects need to be implemented in close collaboration with process owners in other functions, with the latter often retaining the ultimate responsibility for and ownership of KM projects. This means that the successful KM team comes to be seen as a highly qualified service provider, rather than a separate function.
- **Collaboration:** Given their sometimes flexible mandate, KM teams need to be good at integrating their activities with those of other functions. As we will see in this guide, the adoption of KM principles can add considerable value to other, more traditional functions such as HR and Marketing, particularly in areas such as succession and talent management and personal development.

Further key critical success factors (CSFs) for successfully linking KM with other functions and management processes can include the following:

- **Point of entry:** The initial point of entry into KM is often the key to future direction. Whether KM personnel are located in the corporate HQ or locally, and in HR or IT, tends to make a big difference to its impact across an organization.
- **Credibility:** Regular communications and senior level credibility for KM are very important in overcoming the scepticism of other groups.
- **Sustainability:** There is a need to sustain KM beyond the “honeymoon” phase; it is vital to move beyond just KM tools and towards a demonstrable organizational contribution.
- **Skills:** The success of KM has often suffered from insufficient advocacy skills on the part of KM people and the marginalization of KM specialists — in such cases, it is difficult to move from discrete initiatives to KM as a continuous process.[2]

The authors of this PD also believe that much remains to be better understood about KM, e.g.:

- How the economic pressures on the cycle of knowledge production, transfer and utilization are linked to the social conditions of its formation, distribution and exchange.
- What the effects of network relationships are upon the acquisition, exchange and utilization of knowledge.
- What all the processes are for integrating knowledge from different communities and contexts
- The interplay between the evolution of knowledge, systems of management control and forms of work organization.
- What the indirect or unintended effects are from the formation and distribution of knowledge in organizations.
- The effectiveness of means of managing knowledge in changing work processes and social relations
- The current inability of financial and management reporting systems to adequately reflect the value of intangible assets (see also BSI PD 7502).[3]

“ ” Talking points

“We made sure that we took a cost-effective approach to KM. We were not introducing massive new systems. We were looking at things that will respond to people’s ways of working and the effort to produce them was going to be dispersed around the organization. It was relatively low risk, so that if there were any effects then they would be felt immediately within the project. It was an alternative approach to our way of working, and it came across as, ‘we had tried several approaches and they were not working, so let’s give KM a chance and see the results.’” — *Head of KM, major Construction organization*

“KM will be more and more diluted, and will almost cease to exist as a distinct entity. It will be more widespread in the organization. You have to make a big show in the beginning when it permeates the culture and in the end it becomes part of your life.” — *Head of KM, Oil & Gas organization*

“There is a tremendous impact, one that not everybody would recognize. What happens after a while is that it becomes a way of doing and people no longer think that it was linked to some KM initiative. Our people who work on a daily basis here have access to a whole range of information that they didn’t have before. They now have access to information such as statistics, project information, people information, knowledge resources across various sectors through the corporate website. Alongside that you have tremendous savings, which cannot always be quantified. Similarly, having people call and ask about our advisory services has helped them to find answers to their questions very quickly. So that is another type of efficiency gain. But even more significant for us is that we have, by focusing on knowledge, been able to increasingly focus on knowledge sharing with the client to better understand and deliver to their needs.” — *Head of KM, global Development bank*

“We are talking about mainstreaming of knowledge sharing approaches in all the parts of the organization, as opposed to having KM as a distinct thing in the organization. So we want to see people, whether they are aware or not of KM, and ensure that they are really using knowledge sharing approaches. That is where we want to take it, we want to embed it into our corporation’s processes, into different functions. It doesn’t matter whether they call it KM or not as long as they can learn from each other, they are able to reflect upon the lessons learnt, they are able to not repeat the same mistakes and are able to innovate by building upon each other’s ideas.” — *Head of KM, global Development bank*

1 Scope

This PD provides guidance on how to link KM and other key organizational functions and established emerging processes, within and between organizations. This PD is therefore intended for employees, managers, directors and anyone else interested in KM.

This PD combines both desk and primary research and also offers a comparison of different approaches and case studies. Readers should note, however, that although this PD touches upon various other management sciences — such as Quality — it does so only by way of example or analogy. The authors have included the following sections in this PD:

- a) Definitions of key terms in KM (Clause 2);
- b) A discussion as to whether organizations actually need to care about KM (Clause 3);
- c) The context for linking KM to other key organizational functions (Clause 4) and established (Clause 5) and emerging processes (Clause 6);
- d) Links with other related British standards (Clause 7).

Summaries of relevant case studies across a wide range of industries are appended to each clause as “Good practice examples” and “Talking points”, along with “In brief” summaries of key points covered in the preceding clause. The good practice examples aim to draw a sharp distinction between:

- a) a general description of KM and other process areas (i.e. what should organizations be doing, and why?), and
- b) pointers to the available evidence (i.e. what are organizations really doing, what works and what does not?)

Annexes

- a) provide suggestions for further relevant KM reading and
- b) provide a copy of the questionnaire used during the primary research for this PD.

Finally, extensive notes and references help guide the interested reader towards the primary and secondary sources used in the preparation of this PD.

Readers should also note that this PD is intended as a:

- a) “Child” document to KM — a Guide to Good Practice, an overall introduction to KM published by BSI in 2001 as a publicly available specification (document PAS 2001);
- b) “Sister” document to other children of PAS 2001, which currently include:
 - PD 7500 — *KM Vocabulary*
 - PD 7501 — *Managing Culture and Knowledge: Guide to Good Practice*
 - PD 7502 — *Measurements in KM*
 - PD 7503 — *Introduction to KM in Construction*.

In the hope of encouraging a public debate linking KM and other key organizational functions and emerging processes, BSI has provided readers with a framework for feedback, ideas and questions relating to this PD. Readers who would like to get involved with further KM projects should contact BSI at knowledge@bsi-global.com.

The authors of this PD are not recommending any particular approach to KM. Their aim is simply to provide “informed clarity”. Readers are presented with a range of alternative tools and approaches, which should allow them to either get started in KM, or take their current activities to a new level. In short, organizations of all types — public and private, large and small, commercial and academic — should understand where this field is heading and feel informed enough to make their own decisions.

2 Definitions

For the purposes of this PD[4] the following definitions apply:

2.1 business intelligence

the gathering, analysing, storing and distribution of information, and the ability to employ collaborative work tools. It can also involve a number of data mining, modelling, and forecasting approaches or tools

2.2 chief Knowledge Officer (CKO)

person that articulates and champions the KM vision, provides the organizational leadership to implement and sustain KM, and is the ultimate focal point for knowledge creation, sharing, and application

2.3 communities of Practice (CoPs)

people interlinked in a network because of their shared responsibility for a subject area. CoPs continually emerge and dissolve, and their membership, processes, and knowledge continually change and evolve: they help transform tacit knowledge into explicit knowledge and help promote cross-disciplinary communications. Members do not just join for the content, but join also because they value community participation, and see it as an effective and fulfilling way to learn, share and innovate

2.4 content management

process of selecting, capturing, categorizing, indexing, and storing both explicit and tacit information in ways that promote its re-use

2.5 culture

the business or functional environment in which people try to realize both their professional and personal aspirations. A successful knowledge sharing culture is one in which everyone participates and in which everyone exhibits the necessary attributes for change

2.6 customer capital

the depth (penetration), width (coverage), attachment (loyalty), and profitability of a client base or franchise

2.7 data

facts, statistics that can, frequently, be analysed to provide information

2.8 document

a record, or the capturing of an event or knowledge so that information will not be lost. A document is usually written, but it can also be made with graphics, photographs, and sound. A document usually adheres to a convention or specified requirement based on similar or previous documents. A document can also be put into an electronic form and stored in a computer as files

2.9 expertise locators

such tools typically contain or provide access to information on “who's who” and “who knows what” — vehicles to find expertise from people throughout the organization who might otherwise never learn what each other know. Expert databases or corporate yellow pages can be extremely useful if designed and managed correctly. However, large databases created centrally are often under-utilized and of variable quality, while databases of expertise developed locally and expanded tend to have more success

2.10 explicit knowledge

relates to what is already “known” — i.e. it is knowledge that has been communicated and documented, for example in databases. Explicit knowledge can be expressed in words and numbers and shared via documents, specifications, manuals, etc

2.11 human capital

the capabilities of the individuals required to provide solutions to clients — made up of attributes (personal predisposition), competencies (skills and knowledge), attitude and mind-sets (customer focus)

2.12 information

data that adds value to an understanding of a subject and can enhance knowledge

2.13 intellectual capital

intangible assets of an organization, including: knowledge of employees; data and information about processes, experts, products, clients and competitors; and intellectual property such as patents or regulatory licences. Intellectual capital value can sometimes be calculated as organization market value minus book value. Types of intellectual capital can include: knowledge with potential for value (ideas); intellectual property (e.g. patents); and knowledge already having value (e.g. licensed patents)

2.14 knowledge

there are many definitions of knowledge and a 2 500-year-old history of argument on the subject. For some, knowledge is an understanding of information about a subject, which people have in their mind and which they can apply to a task or share with others. For others, knowledge is a social construct which emerges out of the interactions within particular communities. And for yet another group, it is the way we structure data into information. Knowledge is strongly associated with credibility and implies verification

2.15 knowledge audit

a formal evaluation of how and where knowledge is used in business processes. The audit identifies knowledge according to some form of agreed label within an organization; the most common distinction is between tacit and explicit knowledge. Through an audit, organizations can identify and evaluate all information resources and workflows, and determine user requirements, which will vary widely, from wide access (e.g. policies and procedures) to extremely limited access (e.g., payroll information). The knowledge audit should be a rigorous process, using for example, questionnaires, interviews, and narrative techniques

2.16 KM Strategy

the intention to use KM methods, tools, processes, and practices to achieve business objectives by leveraging such content and processes. KM strategy should usually follow and be fully aligned with organizational strategy

2.17 Knowledge Management (KM)

the creation and active management of an environment which encourages knowledge to be created, shared, enhanced, organized and utilized for the benefit of the organization and all its stakeholders

2.18 lessons learned

sometimes also called After Action Reviews, this is a retrospective account of significant events in an organization's recent past, described in the voices of people who took part in them. The value of the learning history comes not so much from the document itself, but from the consultation process that is built around it — the conversations, in which people create shared meaning, deepen their understandings, and talk through possibilities for more effective action

2.19 portals

websites offering a wide range of services and content — either within an organization or as a gateway onto the Web. Portals focus on aggregating existing content (structured/unstructured) and display it through personalized presentation layers

2.20 tacit knowledge

the personal knowledge resident within the mind, behaviour, and perceptions of individuals. Includes skills, experiences, insight, intuition, and judgement. Tacit knowledge is typically shared through discussion, stories, analogies, and person-to-person interaction — therefore, it is difficult to capture or represent in explicit form. Highly subjective and personal insights, intuitions, hunches, and inspirations derived from bodily experience fall into this dimension. One can also distinguish between: private tacit which is that knowledge embedded deep within the knower — like the skill of a juggler and public tacit which is tacit knowledge which is embedded in the culture (of an organization or any group of people).[5]

3 Do organizations actually need KM?

“KM will get embedded in various ways across organizations. It may not be called KM, but it’ll be what they do.”[6]

3.1 General

Most organizations need to sell, which usually demands some kind of formal sales and marketing function; most need to price and charge for their products and services, which typically requires a finance function, and all need people, which requires an HR and perhaps a separate “learning” function. But do organizations explicitly need a knowledge function? If so, what might it look like and how might it link with these other functions? If not, how can organizations address the challenge posed by the increasing evidence that unshared and under-utilized knowledge and intellectual capital (IC) can represent enormous lost opportunities and therefore enormous costs?

Many executives already think that knowledge is extremely, or very, important to their organizations and believe that effective KM could deliver such efficiencies as improved communications, and decision-making, lower costs and a stronger corporate culture. To reduce costs and to increase revenue, organizations — large and small, public and private — need to improve continuously the way that they share, capture and deliver knowledge and IC across all their business units, sectors, and functions. Unfortunately, however, there is little evidence that this is happening systematically today. On the contrary, many organizations seem unable to escape from costly functional silos that lead to extensive duplication and “re-invention of the wheel”.

Many organizations have at least tried to respond to this challenge by introducing KM projects or programmes — but in many cases this has in turn merely led to a staggering number of repositories that often contain redundant or conflicting information. Furthermore, difficulty in harvesting and delivering knowledge-based content from such uncoordinated repositories has often had a negative impact upon the following processes:

- People’s ability to find relevant content quickly
- The overall cost of knowledge content
- The cost and efficacy of enabling platforms and technologies
- The trust and reliability level of the knowledge contained in repositories.

One of the main reasons that many KM projects have failed is precisely because they did not make a strong linkage with other functions and management trends and therefore did not engage the “hearts and minds” of all key stakeholders.

“ ” Talking points

“KM is no longer able to claim it is a new phenomenon, if it ever was. We are fast approaching the delivery phase. Some organizations are moving beyond KM into ‘intelligent working’ and they are the ones that have recognized that the key to success is behaviour not technology. However, in organizations where the predominant culture is stacked against effective KM, the battle goes on to unleash the potential and creativity that has been captive for so long. But a word of warning to my fellow practitioners, we can’t keep predicting that KM is the future without delivering real benefit. The rubber has to hit the road at some point.” — *Head of KM, global Commercial Bank*

“We have done the first phase and now what? Do we embed it into our ways of working, do we do something different, do we go deeper into KM or do we forget it? How is KM organized? Is it based on one-off projects and initiatives, located within an existing function or is there a specialist KM function or group?” — *Head of KM of a major Construction consultancy*

“Lots of organizations said that they didn’t call their activities KM, that was the big change that we saw from the past few years. A few of them do have central teams — however, these are typically very small and tend to be people who facilitate KM activities. In organizations in which KM is taking place, the majority of KM activity is embedded throughout the organization. KM is becoming very much embedded in other functions.” — *Director of Information organization with expertise in KM consulting*

“I am thinking that if we had a separate [KM] function, then that would be the start and the end. We have sort of an informal KM model here that seems to be working. If we had a separate function, in a separate office, I am not sure if it would work. At the moment, what might be good would be to formalize the roles of KM managers who are embedded throughout the organization a bit more. So strengthening the KM community rather than making it a separate function is maybe the way to go. We are strengthening our KM links.” — *Knowledge Manager, major Aerospace organization*

“For each one of the business segments there is a huge amount of knowledge sharing going on, between their own technical businesses but not on general business practice or general management practice — which is my job. But within each one of those businesses, if there is a technical challenge or you have a question of how do we provide service in this particular situation, there is a huge amount of information on that and a lot of sharing of knowledge via databases, via online support, web-based, e-mails etc.” — *General Manager of an Energy organization*

3.2 Different approaches in KM

3.2.1 General

“Knowledge is not always utilized, and even utilized knowledge does not always result in improved performance.” [7]

Organizations have developed such a variety of different approaches to KM that it has become difficult to decide what effectively counts as KM. To help clear away the fog, one can distinguish at least four main types of KM approach as follows:

3.2.2 Knowledge sharing

Here, the aim is to introduce new or changed practices and behaviours that support knowledge sharing both within the organization as well as across its boundaries. For instance, “after action reviews” can offer an explicit opportunity for project team members to reflect on their experiences, and identify lessons to learn for the next time. Knowledge managers can help project members take advantage of the expertise accumulated in other similar project teams by, for instance, identifying the right people to approach, organizing knowledge exchange sessions and so on. In cases where existing knowledge is “under threat”, for instance when key individuals are going to retire or change jobs, knowledge managers can devise “knowledge retention strategies” that are aimed at identifying pieces of valuable expertise and ensuring they are passed on to other individuals before the experts leave. In short, knowledge-sharing activities are practices that help organizations share, spread and exploit the knowledge they possess. The major challenge is to “institutionalize” such practices, effectively making them an embedded part of organizational life.

3.2.3 Knowledge creation

Knowledge creation refers to activities that aim to introduce practices and behaviours that stimulate the creation of new expertise and competencies within the organization. As with knowledge sharing, the role of the knowledge managers within these activities is not to create new knowledge themselves but rather to ensure that the right processes, practices and behaviours are adopted by individuals and teams throughout the organization. For instance, if an organization knows when and how to draw on external expertise rather than always relying on internally available expertise, this can speed up the learning of new practices. In short, knowledge managers can help an organization build up a repertoire of institutionalized practices that ensure ongoing innovation and reflexivity, effectively leading to the creation of new knowledge.

3.2.4 Knowledge distribution

Knowledge distribution refers to activities aimed at making knowledge evenly accessible across the organization and across functional and geographical boundaries. One can distinguish between generic knowledge distribution tools, such as intranets or directory systems, and process-embedded tools, such as call-centre support applications and expert systems, that provide information to support specific process steps. While a host of evidence shows that the introduction of tools without sufficient regard for behavioural and cultural aspects is often of limited value, many knowledge processes can be effectively supported and improved by providing such tools judiciously. A caveat applicable to such knowledge distribution is that the organization should make clear that the “knowledge” contained in these systems is not necessarily the ultimate truth and should be subject to constant revision and improvement.

3.2.5 Knowledge capture

Knowledge capture is the process whereby individual intellectual assets are identified and made explicit. The goal of knowledge capture is to prepare the intellectual asset(s) for reuse and learning. In a sense, knowledge capture is about creating information assets, derived from the knowledge of individuals and teams. The value of knowledge capture is measured as positive when the cost of capturing the knowledge and the cost of reusing it is less than the cost of rediscovering that knowledge each time the organization wants to reuse it. Sometimes, it is more effective to merely identify the location of key information (often a person) than it is to capture the information itself. Some organizations use a codification approach — i.e. focused on storing and transmitting knowledge as information, while others emphasize connection, recognizing that people are the carriers of knowledge. Traditional knowledge capture has tended to focus upon top-down knowledge extraction; whilst this is effective in certain circumstances, it is often more effective to use a bottom-up approach whereby knowledge is volunteered rather than conscripted. This is especially important where creativity and innovation are involved.[8]

3.2.6 The KM spectrum

Building on the idea that there is a continuum between “codification” approaches and “connection” one can examine an organization to see where it is on the so-called “spectrum” of KM approaches. Codification approaches emphasize the creation of documents (“codified knowledge”), while “connection” approaches focus on establishing social communication links between people. The whole spectrum includes the following approaches:

- *Transactional KM* mainly refers to systems that “distribute” knowledge to those that need it to perform certain fairly routine tasks at specific points in time. It includes systems and methods such as help desk applications, electronic performance support and embedded knowledge systems.
- *Analytical KM* comprises applications and activities such as data warehousing, data mining, decision support, CRM and competitive intelligence tools.
- *Asset Management* refers to organizations’ measures for managing, protecting and exploiting their intellectual property and capital.
- *Process-oriented KM* involves the adoption of management techniques such as Total Quality Management (TQM), Benchmarking or Six Sigma change processes (see Clause 5).
- *Developmental KM* includes all measures to address skills development and learning activities.
- *Innovation and Knowledge Creation* involves activities which are aimed at fostering the emergence of new ideas, innovations and new knowledge.[9]

3.2.7 Knowledge and information

Information and knowledge are often talked about as though they are synonymous, but most added value tends to come from creating and utilizing knowledge.[10] Value comes from people within organizations accessing information and working together to apply the knowledge in their heads or within their communities to create benefit for clients and other stakeholders, through services or products.

3.3 Strategic issues that organizations face — do they demand a KM response?

3.3.1 General

“In the past we started with KM where the 'energy' was — where some managers and their people were enthusiastic about KM and wanted to start implementing it. Today, we try to align our KM initiatives with our business strategy.”[11]

Organizations are facing increasing pressure to maintain and improve results, despite a fluctuating economic environment. Imperatives for leaders (see Figure 1) typically tend to include:

- Reducing costs
- Divesting unprofitable activities
- Relocating or outsourcing
- Ensuring that today's investments opportunities provide tomorrow's growth capability
- Balancing short-term “sanitization” measures with sustainable value creation and competence development.

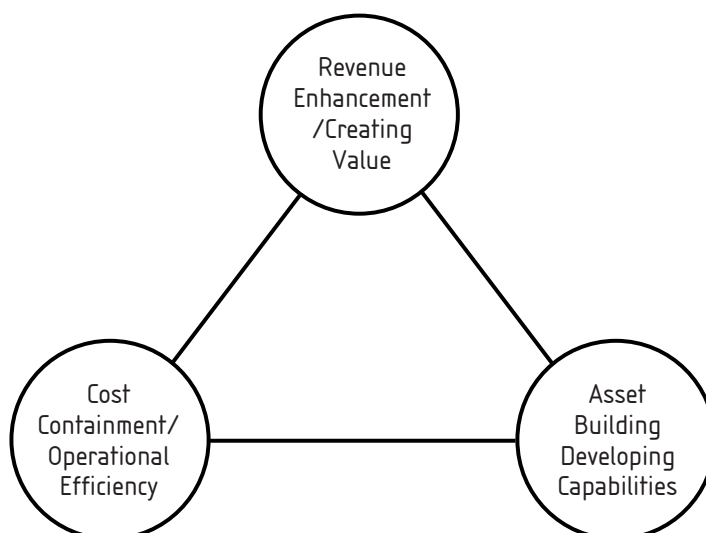


Figure 1 — Typical leadership agenda

Indeed, the top 10 strategic challenges that chief executive officers (CEOs) themselves feel that they face are, in order:

- 1) Sustained and steady top-line revenue growth
- 2) Speed, flexibility, adaptability to change
- 3) Customer loyalty/retention
- 4) Stimulating innovation/creativity/enabling entrepreneurship
- 5) Cost/ability to innovate
- 6) Availability of talented managers/executives
- 7) Tight cost control
- 8) Succession planning
- 9) Seizing opportunity for expansion/growth in Asia
- 10) Transferring knowledge/ideas/practices within the organization.[12]

Many CEOs also have to wrestle with strategic judgements concerning the volatility of the overall lifecycle of the wider economy in which they operate:

- Many organizations have cut costs drastically over recent years; how well has this left them able to still manage their activities and control their business?
- What future issues will organizations face to maintain, or increase, competitive advantage?
- Scalability of operations becomes key when current assets have been kept to the minimum
- Competitors might have better opportunities to operate during a downturn.

The challenge for knowledge managers is to understand the different strategies that leaders might adopt and to make themselves relevant in each case. For example, typical asset building strategies might include:

- A human capital-centric focus on culture, values, history and trust — and on re-building competence after re-engineering.
- A focus on intangibles, such as intellectual property and other intellectual capital, which in many cases have been undervalued for years (such assets are increasingly moved between organizations through mergers and acquisitions, collaboration with suppliers and offshoring/outsourcing).

Typical revenue enhancement strategies, on the other hand, might include an increased emphasis on innovation and entry into new markets.

A key to creating a successful KM plan is to understand the interdependency between strategic management and strategic KM. When conducting strategy formulation, it is critical to analyse KM points of view in formulating business objectives[13], which might typically include the drive for profitability, growth, organically or through acquisition, international expansion, responding to a changing environment, restructuring and performance improvement etc.

3.3.2 Linking KM with real business needs

“The only significant purpose of a KM strategy is to support and facilitate the achievement of a business strategy and objectives through the building and leveraging of organizational capability. Life is too busy for people to want to engage in initiatives that are peripheral to their main objectives.”[14]

In a results-focused business environment, where launching products and providing shareholder value are paramount, decision-makers often struggle to understand KM. As a discipline they consider it, by its very nature, to be vague. Indeed, no organization will become more effective, more efficient or more profitable simply because it decides to “do” KM; many KM programmes fail regardless of how much money is poured into them or how dedicated the sponsor or programme leader may be. Many organizations fail to tie their KM programmes with real tangible business needs, and in recent years the lure of technology has been partly to blame. This is certainly a trap many organizations have fallen into — i.e. adopting a “build a system and they will come mentality”.

Organizations are more than ever aware of how ineffective a KM programme is likely to be unless it is linked to real business needs. Again, the economic climate may well have played its part in this respect; organizations looking to make any investment nowadays have little choice but to make sure they will realize a tangible gain from that outlay. The hype that once surrounded KM has passed, leaving organizations with no option other than to place the discipline on an equal footing with any other business process.

The point, it seems, is that KM is not simply something that can be done to an organization — it has to be developed within a strategic context. Many successful organizations, including most of those interviewed during the preparation of this PD, are therefore seconding people from their business units into the KM function for a short period of time and totally immersing them in KM theory and practice before sending them back to become leaders of KM-based change in their respective departments.[15]

3.4 KM and organizational change

Various approaches to organizational change, such as so-called “strategic business alignment” (SBA), represent an organization’s capability to coordinate the activities of all its components for the purpose of achieving its strategic objectives. SBA addresses the critical challenge of aligning the entire organization to operate under leadership that may be facing severe resource constraints and intense competition.

Typical issues might include the following:

- Ineffectual leadership by the organization’s top management team
- Barriers in the form of organizational silos
- Lack of clarity about the role of corporate headquarters.

However, according to a recent survey[16], the problem is that activities necessary for achieving such alignment do not necessarily appear to include KM. Even when asked which opportunities they might have overlooked, the respondents gave answers that again appeared to overlook KM.

Of course, it can be reasonably argued that “KM” may well be going on behind the scenes during the successful alignment of some of these initiatives — e.g. good knowledge sharing is crucial during succession planning, and building a team culture depends heavily on good KM (see BSI PD 7501) etc — but it may not have the label KM.

“ ” Talking points

“If we look at the value chain, there are various components on how we manage a project. KM is the vehicle we use here to look at how our business works, how everything relates together to achieve business needs and value for the client and us. Our vehicle at the moment is called KM, and the vehicle we use may or may not change. So far it has kind of worked here. You can call it Business Performance or anything else, but for now we are calling it KM.” — *Head of KM of a major Construction consultancy*

When asked to what extent he thought that a more effective approach to managing knowledge would enable him to meet his business goals, this same head of KM provided the following illuminating answer:

“ ” Talking points

“It is fundamental. A more reliable approach of getting the right content, learning lessons from the past, understanding how we worked with clients, whether we made a profit or loss, kinds of projects we did across the organization in a particular business sector, how we did that. All that is fundamental. If I start a new project I want to know what we have done before, for this kind of project, for this kind of client, in this way of work.” — *Head of KM of a major Construction consultancy*

3.5 Relevance of KM to strategy

“I’m most proud of work where I have been able to link strategy making to capability building through the exchange of knowledge. I believe that knowledge is all about building and developing capabilities within an organization and that these capabilities should be linked to strategy making. So many organizations are falling down the precipice because they do not understand the new challenges of a knowledge-driven environment. Knowledge has to be placed at the service of the organization and should create a robust foundation for the organization’s future.”[17]

The question then becomes whether KM really is a “nice to have” or a “need to have” component in helping organizations meet their strategic challenges? At first sight, it certainly seems possible to adopt a business approach that does not explicitly refer to knowledge, let alone KM. For example, the dynamics of any given industry sector — as shown in the illustrative example in Figure 2 — at least appear to lend themselves to analysis without making any specific reference to knowledge.

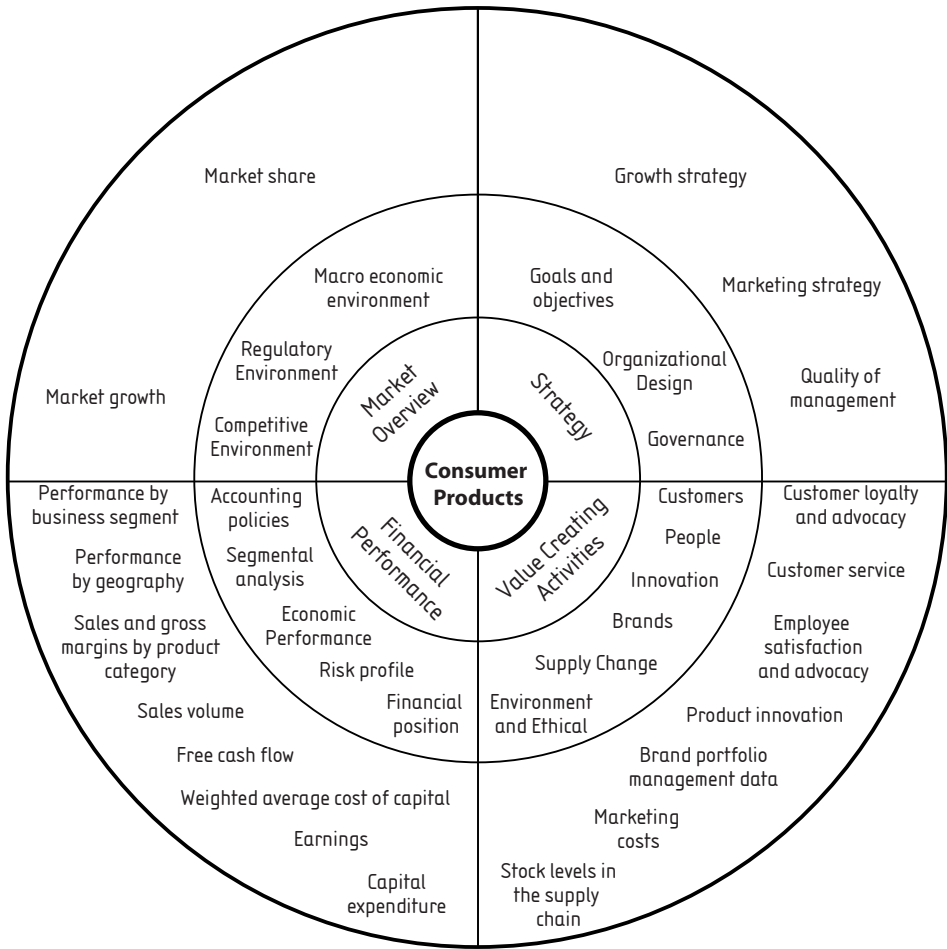
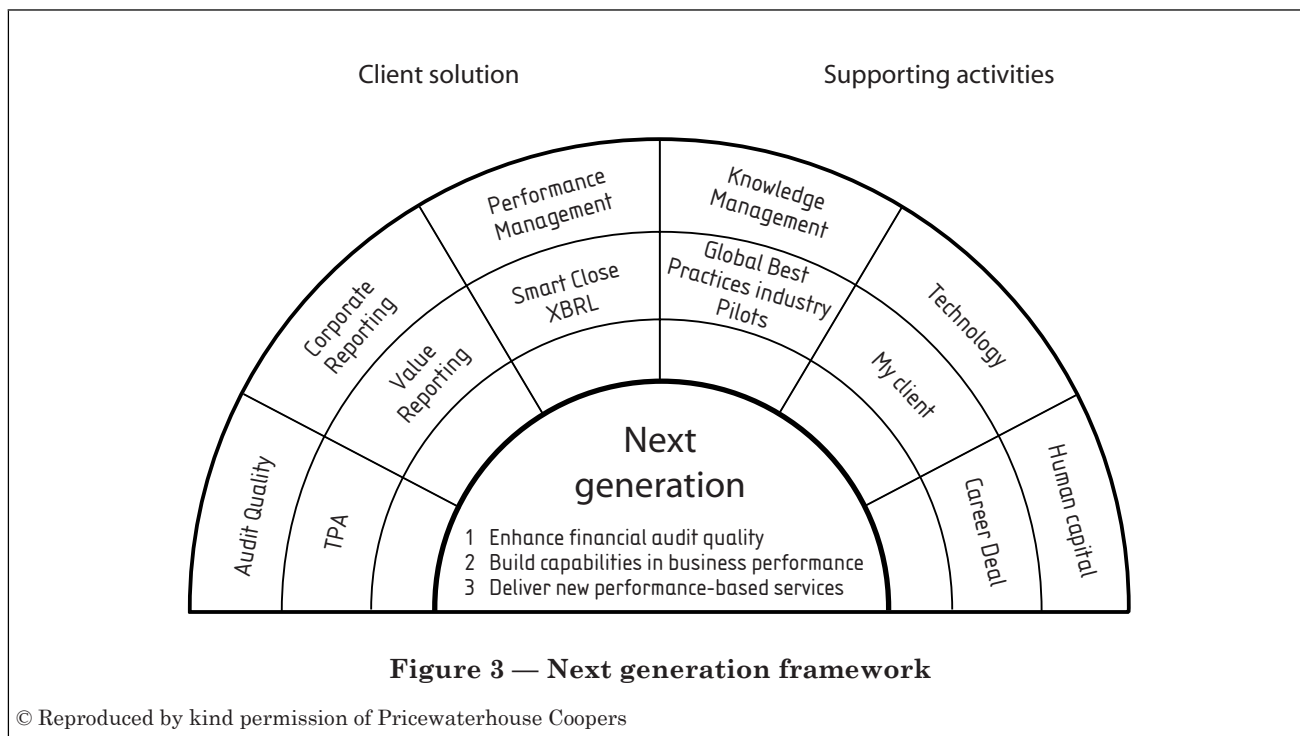


Figure 2 — Source — Business Analysis Framework

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However, perhaps knowledge is not really missing from the equation after all — perhaps it is implicitly included in many of the processes listed. Perhaps as shown in Figure 3, the key may actually be in embedding management of knowledge into existing organizational processes.



3.6 Does a focus on knowledge require an explicit KM approach?

“Knowledge is a pale and bloodless thing that does not generate achievement.”[18]

The fact remains that in some organizations, KM appears to already be seen as a business fad that has had its day: but the issues that KM tries to tackle have not gone away. Perhaps, instead of talking about solutions such as CoPs, Portals etc., the KM dialogue should centre more on identifying the knowledge-sensitive elements of a business strategy, and then defining the changes needed to best facilitate that knowledge.

Management of knowledge should perhaps therefore be a strategic, coordinated effort. Knowledge sharing and usage can be successful only if they are:

- Relevant — aligned with the wider organizational strategy
- Trusted — quality assured and risk managed
- Re-usable — internally across multiple communities and platforms, and where appropriate, also externally (through portals, extranets, communities etc.)
- Accessible — all types of users should be able to quickly find the right content in the right context at the right time and at the right cost.

Herein lies a paradox: KM is claimed by its strongest advocates to be the discipline that will help organizations get rid of silos, but there is abundant evidence that many KM projects have not only failed to deliver on their promises, but have actually added to the overload and confusion; often because the full path through information to knowledge to value has not been adequately supported.

“‘Knowledge workers’, a term originally coined by Peter Drucker, typically have high levels of autonomy and discretion in how they do their work; others have more structured roles. Their activity — which often includes R&D, marketing, engineering, planning, customer service, and management — is critical to innovation and growth. However, previous productivity-oriented programmes, such as process re-engineering and quality, didn’t really take a cut at knowledge workers. A research project conducted a few years ago originally focused on ‘re-engineering knowledge work processes’, but it became abundantly clear that the ‘r’ word didn’t apply. Managers of R&D and marketing departments acknowledged the need to improve processes, yet they cringed at the prospect of top-down, radical change.”[19]