Lecture 3
Aligning KM with Business Strategy

Dr. Henry Linger

The KMS Road Map

The first phase: evaluation of the infrastructure and aligning KM and business strategy.

The second phase: KM system analysis, design, and development.
- Knowledge audit and analysis.
- Designing the KM team.
- Creating the KM system blueprint.
- Selecting KM technology
- Developing the KM system.

The third phase: KMS deployment.
The final phase: measuring ROI and performance evaluation.

Role of knowledge management

<table>
<thead>
<tr>
<th>Definition</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technological concept</td>
<td>0%</td>
</tr>
<tr>
<td>Business focussed approach</td>
<td>85%</td>
</tr>
<tr>
<td>No visible process</td>
<td>2%</td>
</tr>
<tr>
<td>Documents and databases</td>
<td>7%</td>
</tr>
</tbody>
</table>

Source: S. Zyngier, KM Survey in Australian Corporate Environment

6% 85% 2% 7%
Challenges for KMS

- "... you don't know what people know. You don't know what information exists, so you often go looking for something and although it might be in a different context, it's still actually the same sort of knowledge and it's also the fact that you don't know who to talk to – that's a big problem"

- "Trying to get big businesses to say or see the corporate good in doing it, as opposed to 'That's nothing to do with me – that's a corporate thing'. "

Executive Manager in the HR Consulting Unit

Role of technology

- "I think the role of technology is huge, but people have to manage the technology. Technology is a tool. I don't see technology as being that great at managing anything. I think it's the people behind the technology, the people who are using the technology, that are the managers of technology."

Managing Director

- What is "in" in KM now ...
  - "Knowledge Management is only successful when the right tool is implemented with the right processes, and in the right environment.
  - The right environment is one of teamwork and collaboration! We all have a role in building, maintaining, and accessing knowledge..."

Ron Muns, CEO and founder of the Help Desk Institute (HDI)

Starting the KM Project: Understanding the Who, Why, What & How

- What is the motivation for change?
  - the business case
  - Why KM?
    - identify the competitive advantage
  - How does the KM project fit the organisation?
    - cultural and structural factors
  - What is the KM agenda?
    - the functional perspective (eg promote "best practice")
  - Who are the "champions"?
    - find senior business sponsors to support your pilot initiatives
  - What is to be done?
    - identify potential "quick-wins"
Initiating the KM Project: Start Small!!!!

Find pockets of excellence and bring the experts together into a supportive knowledge network.

- Are people working "smarter"?
- How do they do it?
- What else can the organisation provide to capitalise on the skills and experiences of these people?
- What technology is in place?
- What kind of (decision) support can be offered?
- What can or cannot be automated?
- Where are knowledge sources and knowledge sinks?

Knowledge Processes

**Sharing Cycle**
- (Knowledge repository)
  - Identify
  - Classify
  - Organise/store
  - Access
  - Share/disseminate

**Innovation Cycle**
- (Knowledge creation & application)
  - Collect
  - Create
  - Embed
  - Diffuse

How to Work "Smarter"

- Sample survey to evaluate the role of knowledge for staff performance
- Rank the importance of the following statements:
  - I am aware of how to access data and information for making good decisions in my work.
  - Decisions are based on data, information and facts.
  - We learn from sharing and debriefing.
  - Sharing what we learn with others in the workplace to drive improvement.
  - Improvements in my work area's performance are measured and visible.

Lawrence Ding, Business Information Manager, Fremantle Port
Support for “Smarter” Work Practice

- Documenting knowledge flows across organisations
- Understanding the implicit practices
- Can be built around:
  - An information mapping based on business functional hierarchy as a skeleton for document management system;
  - Complemented by process management systems;
  - Push/pull facilities

Where is the Knowledge: Mapping Value Networks

- A method to understand roles of knowledge and intangibles in organisations;
- Allows to identify the key value exchanges that take place in business relationships and understand the benefits of visualising and interpreting stakeholder relationships as a whole system of dynamic value.
- Classic value chain view of organisations is inadequate for the Knowledge Economy.
- There are two primary currencies of value – tangibles and intangibles.
- A simple way to diagram and describe value exchanges:
  [Link to Alleetoolkit.com](http://www.alleetoolkit.com/welcome/i_intro/index.html)

ValueNet Works™

- A technique to understand the tangible and intangible value exchange processes in the organisation
Technology Infrastructure

- What systems are already in place?
- What is the opportunity for integration?
- Buy or build?

KMS Step by Step

- Begins with planning
  - Form an cross-functional/multidisciplinary acquisition team according to the skills required
  - Search for the information about KM systems matching knowledge processes in the organization
    - Vendor awareness session, vendor demonstrations, demo evaluation,
    - Evaluate suitability of cost and IT infrastructure
  - Requirements definition:
    - Functional requirements;
    - Current technological environment
  - Evaluation of human resources and management factors
    - Establish selection criteria;
    - Change management issues
- Ends with negotiations

Making a link between KM strategy and Business Strategy

<table>
<thead>
<tr>
<th>What your company must know</th>
<th>What your company must do</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge Gap</td>
<td>Strategy Gap</td>
</tr>
<tr>
<td>Knowledge-Strategy Gap</td>
<td></td>
</tr>
<tr>
<td>What your company can know</td>
<td>What your company can do</td>
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Tiwana, 2000
Models of Management: Implications for KMS

- Utopianism - "heavily technical approach to ... management stressing categorization and modeling of an organization's full ... assets, with heavy reliance on emerging technologies".
- Anarchy - the absence of any overall management policy, leaving individuals to obtain and manage their own environment - where each fend for themselves
- Feudalism - management by individual business units or functions, which define and manage their own needs and report only limited information to the overall corporation.
- Monarchy - management methods and reporting structures by the firm's leaders, who may or may not share management power willingly after harnessing it.
- Federalism - management based on consensus and negotiation on the organization's key management and reporting structures.

(Davenport, Stiles and Prusak (1992))

KMS Objectives

- The work goals of individuals must extend to include the cognitive aspects of the activity
- Common objective include:
  - making internal knowledge visible and external knowledge accessible;
  - development of human capital (personal skills/knowledge)
- Objectives need to be:
  - quantified (eg ROI)
  - expressed qualitatively (eg "We want to recruit top people")
  - supported through an infrastructure (knowledge environment)

No common instrument exists for formulating KMS objectives

Approaches to KM Strategies

- Top-down
  - focused on creating enterprise wide initiatives and push them down from the highest level authority
- Bottom-up
  - focused on the low level goals and initiatives that can rapidly produce a strong return on investment
- Organic
  - exploits the existing knowledge flows and structures
- Middle-out
  - knowledge transformation/creation vision of SECI model
A "bottom-up" Approach

"we decided to... take more of a bottom-up approach, so there hasn't been a knowledge management initiative that has been communicated throughout the whole organisation as 'This is an initiative. It's happening today, and these are the results that you should see'. What we decided to do was to try and do it by stealth".

Large Bank Solution Manager

Spiral Evolution of Knowledge

SECI Model - Amplification

'organisationally amplifying' is a process where individual knowledge permeates the organisation's knowledge network, through 4 expanding levels:

- Individual
- Group
- Organisation
- Inter-organisation
Aligning Business Models and KMS

- Need to consider:
  - Goals – Stability vs Flexibility/Change
  - Means – Knowledge codification vs transfer
  - Level of structure – Control vs anarchy
  - Response speed – high vs low
  - Level of uncertainty – high vs low

Exploiting the KM Infrastructure

- Management
- Staff
- Suppliers
- Customers
- Partners
- Internal
- External

A KMS Architecture?

- People
- Process
- Information
- Content
- KM
  - Performance
  - Exploration
  - Learning
  - Memory
  - Sense-making
- Technology
Purpose of KMS

- Three levels to consider:
  - Strategic: organisational vision, directions and long-term goals
  - Tactical: policies for sustainable development and short-term goals related to operational needs
  - Operational: internal rules and procedures, assumptions regarding broader organisational environment

Implications for KMS

KMS initiatives
- Need
  - a Champion
  - an enthusiastic “pilot” site in the organisation
- Start with
  - “high-value” activity
  - “quick and small”
- Scalability to progress by adding more components/activities
- Focus on knowledge work activities
- Integrates technology, people and culture

References