

Knowledge management

So, what is it?

Knowledge Management caters to the critical issues of organizational adaption, survival and competence in face of increasingly discontinuous environmental change... Essentially, it embodies organizational processes that seek synergistic combination of data and information processing capacity of information technologies, and the creative and innovative capacity of human beings.

'TOOLS@WORK: Deciphering the Knowledge Management Hype' *Journal for Quality & Participation* (July/August 1998)

So that's clear then.

And in English?

That's where it gets harder. KM (as aficionados like to call it) is something of a multi-headed beast and even its practitioners can't really agree what it means, though most seem to recognise it — or something approximating to it — when they see it.

It is popular though. A recent KPMG survey (1998) of 100 leading UK firms found that a staggering 43% of respondents were undertaking some kind of KM initiative.

Perhaps the easiest way to think of knowledge management is to think about what is knowledge, not in some 6th form etymological or epistemological debate, but in a business sense.

Just imagine that your company is suddenly struck by a knowledge blight that erases all your corporate knowledge from the storage media including the employees' minds. The difference between the market values of the company before and after the blight struck is the value of the company's intellectual capital.

And what you lost is your corporate knowledge. KM is about managing that.

Knowledge, not information, is power

There is a hierarchy of information dependent on the input into the creation of the knowledge and the usefulness of the information

1. Data
2. Information
3. Knowledge
4. Wisdom

This leads to a hierarchy of outcomes.

1. Insight
2. Resolve

3. Action

The aim of KM is to transform data to wisdom so leading to action

So why is KM needed

- Information overload but knowledge famine

Organisations are good at collecting data, Data warehousing in its earliest manifestations is a classic case.

- Extracting information is easy — but knowledge is scarce and often hidden

Companies may be good at collecting information, but poor at extracting knowledge. Knowledge is information that leads directly to action.

- Core competency is based on knowledge

Companies should be built around what they do, rather than what they make. A company built on a core product is doomed when that product becomes obsolete. Companies built around a knowledge framework can cannibalise themselves to develop

Knowledge Characteristics

- Messy and self organising

Knowledge, unlike data, is unstructured. It doesn't come in neat blocks which come in a particular sequence.

- Travels on language and through contact

The natural way knowledge is passed is through talking to each other

- Difficult to codify

How do you define what constitutes knowledge? A lot of KM systems are little more than glorified pin boards with snippets of information gathered together in one place. But that is better than having nothing.

- Difficult to regulate
- Seeks community

By its nature, knowledge requires someone to do something with it for it to be knowledge. For people to be able to use information and hence it becomes knowledge, they need to know about it

- A social process
- Gresham's Law — data drives out knowledge

KM practitioners need to be slavish in rejecting floods of data. Data is easy to acquire and store, but useless on its own

The Knowledge chain

	Internal	External
Awareness	The ability of an organisation to quickly assess its skills. What it does well and why	The ability to understand how the market perceives the value associated with an organisation's products and services
Responsiveness	How quickly competencies can be turned into actions. The ability to respond quickly and seize an opportunity	A level of responsiveness to market conditions significantly faster than your competitors

The knowledge chain is a series of interactions that constitute an organisation's cycle of innovation. Knowledge management creates permeability between the four cells of the K-chain and accelerates the speed of innovation. The four stages of the K-chain define the flow of information through an enterprise.

Smart things to know about Knowledge Management
Koulopoulos & Frappaoloa,
Capstone, 1999
ISBN 1 84112 041 3

The learning organisation

A learning organisation is skilled at acquiring, creating and transferring knowledge and at modifying its behaviour to reflect new knowledge and insights.

Understanding Knowledge Management John MacDonald,
Hodder and Stoughton, £6.99
ISBN 0 340 75786 8

The key to effective KM is a culture not a computer. Organisations that move towards KM are those that have awareness both of their people and their position in the market. It is an attitude that recognises people's skills (internal awareness) and allows them to develop (internal responsiveness), while understanding their customers and competitors (external awareness). This leads to external responsiveness. You can't have the last stage without the preceding three.

KM is not IT

KM is not Lotus Notes. IT does have a major part to play in KM. IT is very good at information management, and by extension plays a key role in KM. However to expect a computer system alone to deliver KM is a chimera.

Further reading:

There is a wealth of titles on KM.

Common Knowledge: How Companies Thrive by Sharing What They Know
Nancy M. Dixon
Harvard Business School Press (2000)
ISBN 0875849040 £ 19.99
Available from amazon.co.uk

Communities of Practice: Learning, Meaning, and Identity Etienne Wenger
Cambridge University Press (1999) ISBN 0521663636 £11.96
Available from amazon.co.uk

The Dance of Change: Mastering the Twelve Challenges to Change in A Learning Organization,

Peter M. Senge, Art Kleiner (Editors)
Doubleday (1999) ISBN 1857882431 £15.99
Available from [amazon.co.uk](https://www.amazon.co.uk)

The Knowing-Doing Gap: How Smart Companies Turn Knowledge into Action
Jeffrey Pfeffer & Robert I. Sutton
Harvard Business School Press (2000) ISBN 1578511240 £18.99
Available from [amazon.co.uk](https://www.amazon.co.uk)

Knowledge Management Toolkit, The: Practical Techniques for Building a Knowledge Management System
Amrit Tiwana
Prentice Hall (2000) ISBN 0130128538 £35.99
Available from [amazon.co.uk](https://www.amazon.co.uk)

The Social Life of Information
John Seely Brown & Paul Duguid
Harvard Business School Press (2000) ISBN 0875847625 £13.29
Available from [amazon.co.uk](https://www.amazon.co.uk)

The Key to Generating Intellectual Capital
Charles Ehin
Butterworth-Heinemann (2000) ISBN 0750672463 £16.99
Available from [amazon.co.uk](https://www.amazon.co.uk)

Value Driven Intellectual Capital: How to Convert Intangible Corporate Assets Into Market Value
Patrick H. Sullivan
John Wiley & Sons (2000) ISBN 0471351040 £ 18.84
Available from [amazon.co.uk](https://www.amazon.co.uk)