

Knowledge Management (KM)

Ponder over these Thoughts

- KM is more than just technology or software. It is a sophisticated way for an organization to share intellectual assets.
- Km is best practiced in situations that are collaborative and team-oriented. Effective KM lacks on those who are experienced to provide the knowledge that they have gained to those who develop the firms knowledge repositories. It is up to information specialists then, to treat the knowledge and the people responsible for it in fair and just ways that endanger trust and confidence in the systems that are established.
- KM enhances an organisation's capacity to adapt by improving its ability to learn and innovate and to detect and solve problem.
- The last decades of the 20th century saw explosive growth in discussion about knowledge—knowledge work, knowledge management, knowledge resources, knowledge workers, knowledge based firms and organizations, knowledge based economic growth and knowledge economy.
- As we enter the first decade of the 21st century contemporary management thinking is being profoundly reshaped by two new convictions: ***1. managing organizational knowledge effectively is essential to achieving competitive success . 2. Managing knowledge is now a central concern and must become a basic skill of the modern manager.***
- KM provides a lasting competitive advantage. Knowledge plays a key dominant role in economic processes organization will have to leverage knowledge to enhance business success.
- It is strongly recommended that every company be ready with a person trained in KM. It is important to thoroughly understand the KM principles to create the required knowledge culture and climate within the organization.
- **KM benefits:**
 - improved innovations, leading to improved products and services. Organization requires new skills and attitudes
 - improved decision making
 - quicker problem solving and fewer mistakes
 - reduced product development time
 - improved customer service and satisfaction, cost savings and cost avoidance
 - reduced research and development costs, faster revenue growth, new business opportunities
 - better vision sharing
- As Nanaka made it clear in his seminal work in KM in 1994 'organizations wishing to become strategically innovative must move beyond traditional model of processing information to one which incorporates the creation and management of knowledge. Managing learning and knowledge requires more than small-time tinkering within the organization. Every organization will have to be KM-ready.

- Companies will have to tap the untapped pools of knowledge, know-how and best practices, which they had thus far failed to employ or even recognize.
- KM encapsulates a more organic and holistic way of understanding and leveraging people within work processes for business benefit.
- KM helps in building survival defences for the organization.
- Scholars and observers from diverse perspectives, sociology, economics and management science, agree that managing knowledge is a fundamental driver of organizational progress in the modern business environment. Harvard sociologist, Bell (1973) presented one of the earliest analyses of the changes that might accompany the increase in knowledge use. Stanford economist, Romer (1990), published the first quantitatively rigorous treatment of how the use of knowledge affects economic growth. Management guru, Drucker (1993), provided a historical perspective of how recent economic changes could be framed within a business context.
- The trend over time has been for knowledge-based affirms to move towards precognition and adaptation. This trend is amplified by two facilitating factors: speed and interconnection. All these elements intertwine for future organizational success. Speed, in the form of transmission of information and knowledge, quicker decision making and innovation cycles, together with interconnection of information systems, workers, organizations and economies, facilitates precognition and adaptation. Castells (1996) summarises the shift as follows: 'What characterizes the current technological revolution is not the centrality of knowledge and information but the application of such knowledge and information to knowledge generation, information processing, communication devices, in a cumulative feedback loop between innovation and the uses of innovation.'
- Companies are facing up to this new reality. The modern business company does not favour organizational competencies that have provided historic business success. The new era demands new formats and new strategies, and managing learning and knowledge rests central within these.
- Organizations will have to become learning organization with emphasise on KM to create a motivated and energized work environment that supports the continuous creation, collection, use and reuse of both personal and organization knowledge in the pursuit of business success. Central; to this equation are two fundamental assets: People (whose knowledge resides in skills, expertise, experience, intuition, etc) and organization (whose knowledge is embedded within its culture, processes and systems) How well these assets can be capitalized on defines the extent of competitive advantage that extent of competitive advantage that may be built. The prices of acquiring and using such assets (which are often referred to as generative assets) is what we have come to refer to as KM. In simple words, it is the duty and function of management to manage knowledge.
- The dynamics of the modern marketplace provide a premium to those that are able to utilize their intellectual assets effectively and efficiently. These companies will be the survivors of tomorrow, The question to ask them is—what and how can one develop effective knowledge management and learning systems? Is success derived from technology, from process systems, from employees, from leadership? The simple answer is from all. Managing knowledge and learning is very much a holistic challenge. It is as much a challenge of managing the parts as it is of managing the whole, simultaneously and seamlessly.
- In 1995 Nanaka and Takechi published what is now one of the key texts on the creation of organizational knowledge. According to them, making new knowledge available to others should be a central activity for organizations, and is the defining characteristic of the phenomena of KM. KM at its heart involves the management of social processes at work to enable sharing and transfer of knowledge between individual. Digital technology has vastly accelerated the knowledge sharing.

➤ There is no sustainable advantage other than what a firm knows, how it can utilize what it knows and how fast it can learn something new! Globalization of the economy has put terrific pressure on firms for increased adaptability innovation and process speed. There is a growing awareness of the value of specialized knowledge as embedded in organizational processes and routines, in coping with the breakneck pressures of globalization. No wonder we have positions created in corporates vice president-intellectual capital, Direction-KM, Chief knowledge Officer, etc. Economist life F. A. Hayek noted the importance of knowledge and its distribution to a well-functioning economy. In his seminal article 'The use of knowledge in society'. Hayek argues that most economists and central planners misunderstand the nature of the economic problem. He wrote, "The economic problem of society..., is not merely a problem of how to allocate 'given' resources, -- if 'given' is taken to mean given to a single mind.... It is rather a problem of how to secure the best use of resources known to any of the members of society in a problem of the utilization of knowledge which is not given to anyone in its totality." He held that knowledge holds the key.

➤ Companies must create conducive knowledge culture and climates. Leadership has a definite pivotal role in KM. Senior management play a pivotal role in KM—they need to seed a climate conducive to KM & knowledge sharing. Empowering people to learn and share insights is one of the most effective ways for leaders to mobilize the energies of people. The challenge is to build knowledge creating learning organization.

➤ Knowledge—the capacity to act effectively:

➤ The core of KM initiatives is in building and developing relationships between people, both by putting people to share their useful knowledge, and providing electronic media to capture store , and communicate information which represents the knowledge of people. The relationships on which the creation and application of knowledge are based, however, are by no means just within organization. Many of these relationships are with clients, suppliers, alliance members and even competitors.

➤ The key challenge taking organization today are first, increasing their knowledge capabilities on all fronts to 'manage knowledge and second extending the field of knowledge management beyond their organizations to encompass all members of the extended enterprise, especially their clients of all descriptions clearly knowledge is increasingly central to the value added to clients.

➤ The value and competitive edge are created by the knowledge people in organization have and how they apply it to their work. People are increasingly becoming knowledge workers and business is becoming knowledge commerce.

➤ **Main Points**

- The driver of success is the new economy and Knowledge
- Demand of knowledge worker is great and growing.
- A knowledge worker is one who uses her head more than her hands to produce the value.
- About 60% of jobs are knowledge based.
- Managing the human dimension of knowledge work is the most important job a manager has.

➤ Management must encourage new knowledge to come forward. Everyone's knowledge must be tapped. Knowledge that one doesn't understand must be managed and people must be encouraged to learn. It is important to make every employee understand his/her knowledge role.

➤ In just a few years KM has gone from consultants type to an established management strategy. Knowledge today is the strategic imperative of business survival a mainstream management activity. Many knowledge intensive companies have a stock market value 5-10 times higher than their physical assets. (Microsoft's physical asset value is less than 10% of its market value.) If not managed, knowledge is lost and lost forever. When people leave organization their knowledge too leaves.

➤ Can NASA put a man on the moon?

No longer, according to Geoffray Petch,. the blueprints for the Saturn rocket have been lost and much of the knowledge of the 400000 engineers that made the first moon landing possible lies in documents that are devoid of meaning without the contextual and personal knowledge of those who generated them. NASA now has a program of 'Knowledge Archeology to excavate and add meaning to the repositories of information, in order to prepare for a future manned landing on mass."

Source: The cost of lost knowledge. Geoffrey Petch 'Knowledge Management, Freedom Technology, Technology Media Group, Oct 1998.)

➤ Can Knowledge Management succeed where other efforts have failed?

We all know we need to be much more skilled at the organizational survival skills that parade under the banner of Knowledge Management. Organizations need to be smarter, faster, more innovative, and more agile. The complexity of the twenty-first century world has speeded up the pace of evolution, and those who cannot learn, adapt, and change simply will not survive.

We all know this. Learning is what saves us. Knowledge Management should be something eagerly accepted by leaders, it should be an incredibly easy sell. Yet KM appears at a time when most organizations are battered and bruised by decades of fads, by investments in too many organizational change efforts that have not delivered what they promised. These experiences have exhausted us, made many cynical, and left at least some of us worried that we'll never learn how to create organizations that can thrive in the 21st century.

➤ Winning the Knowledge Game

Wonderful learning and innovation rarely happen by chance. Whether you are in a business or learning for yourself, you need the right game plan to succeed. Sometimes luck may come your way but, more often than not, it is your perseverance and smart thinking that will win the day.

The benefits of winning with knowledge can be far reaching, ranging from obvious gains such a higher profitability and improved performance through to other outcomes such as improved adaptability, better levels of service and contribution to customers and society.

As a corporate consultant, speaker and manager for over twenty years I have seen compelling evidence that the best formula for lasting, smarter, better business is clearly linked to how well we position our knowledge and build on each other's genius. In business, as in life, managers need to acquire a diverse and often complex range of skills to succeed. This message is particularly true to the challenge of winning the knowledge game.

People now live and operate in a business world where comparison, learning and competition play an essential part. Whether you are a small business selling fruit and vegetables or a manager making sense of the latest advances in technology, such awareness and insight is vital. It seems that every manager is now being judged on his or her level of know-how. In today's modern workplace there is nowhere to escape the need for knowledge. How fast we develop our capability and learning is the only formula that matters.

One of the great dilemmas of modern business is being fooled that you are learning smarter when you are using the latest palm-top or killer software application. The reality is that such tools and technologies are no guarantee that you are learning what you need to know.

What makes this challenge difficult is that our talent can often be hard to see as the genius that creates breakthroughs, ideas and innovation lies hidden in a clever design such as a microchip, a jingle or a new patent or simple procedure. Such cleverness needs to be drawn out if we are to succeed. To win the knowledge game we must be prepared to live and learn off talent and encourage others to do the same. The benefits are plain to see, whether it is the freshness and taste of a meal, the quality of advice you receive from a lawyer, or how important you feel when you first arrive at a hotel. Our knowledge and capabilities make the huge difference in how business and

their customers perform and it must be nurtured and treasured. The fact is it is not how big our bank balance is but how we grow our imagination, enterprise and skill that matters most.

Throughout life, each person needs to perfect their own unique formula to find the tools, technologies and know-how they need to grow and develop. Most likely the people who will succeed will be those who nurture and build their capabilities on a regular and continuous basis.

Knowledge by its very nature is impermanent. What may one day seem ground-breaking and helpful may not be so the next. Learning is not something that can be bottled and kept forever but is a living process full of twists, turns and new discoveries. The key is to see each moment in life as an opportunity to discover new insights, ideas and wisdom. With this attitude the formula for winning the knowledge game is almost guaranteed.

Most people understand that to have smarter, better business we need to improve the spirit of learning, innovation and enlightenment in what they do. Winning the knowledge game is the path to success in the twenty-first century marketplace and that means investing in our brains, ingenuity and know-how,

➤ The knowledge Game:

Learning through knowledge should be no stranger to us. We have accomplished this playing games as children or in perfecting new skills later in life. Business, like life, is full of countless opportunities for us to build our capacity agility and expertise. To a very large extent business success is determined by how well we play these knowledge games and how well we understand the dynamics of being human.

Whether we are at home or work winning the knowledge game is a skill we cannot ignore. Irrespective of whether you like or dislike the games people play, it is very difficult to remain detached and unaffected by the fact that you will need to interact and learn with each other to solve life's challenges.

To be successful contemporary business needs a knowledge game plan. Managers must encourage a business culture where ideas and talent can be built without unnecessary obstruction and interference. Knowledge is not something that you can manage or box. It often has a personality all of its own, where it can grow, fade away and change without warning. As a result, managers need to be wary of exerting too much control and command and be more tolerant of teamwork, collaboration and sharing.

More often than not it is our capacity to inspire imagination, foster talent and put knowledge to work that makes us stand apart from other business. As Laurence Prusak, an international authority on knowledge and innovation, says—***“the only thing that gives an organization a competitive edge—the only thing that is sustainable—is what it knows; how it uses what it knows; and how fast it can know something new.”***

As life has taught us, knowledge games by themselves do not necessarily generate benefits. We need to approach them with purpose, rules and intentions to reap the rewards. We have to be confident that we are deploying the right tactics and methods. Here are seven rules that have helped me play and succeed in games in the past and I believe these have direct application to the world of business.

To be successful in winning with knowledge we must:

- be clear with what and why you are playing
- understand the game's rules, objectives and conditions
- inspire oneself and others to put in their best effort.
- Where possible, have a game plan which builds on shared goals
- Learn as you go and position your knowledge
- Evaluate and compare your progress and revise your strategy
- Go back and apply what you have learnt for next time.

Of course these rules are no miracle cure. You must be prepared to stimulate fertile ground for innovation and performance improvement by searching out new insight, securing strong relationships and being courageous enough to build a plan of action.

In some cases your goal in winning the knowledge game may be about becoming the best, the first or even the largest. While on other occasions you may be quite happy to build on the ideas of others and quietly innovate. Winning the knowledge game in business need not be played using win/lose scenarios. Increasingly, leading organizations find that polling expertise, even amongst traditional competitors, is smart business. By doing so you raise the chance that everyone can win in an ever-changing world. Alternatively, your focus may be around the theme of greater contribution to society or enhancing customer value. Whatever your position or intention in business each manager needs to respond smartly with the right tactic, tool or system in order to succeed. Particularly when we consider that often we do not know who is going to be our next critic, competitor or customer.

- Daryl Morey, Mark Maybury and Bhavani Thuraisingham in *Knowledge Management and Contemporary Work*

➤ Getting the Basics Right

Let us begin by asking two simple questions: what makes a truly outstanding business? What capabilities does a business generate that makes it extraordinary and very hard to copy?

These two questions are at the core of winning the knowledge game. Outstanding business performance begins and ends with the enduring ability to know your marketplace, position you knowledge and build your capability. No industry or business can ignore the fact that it must tailor its products and services to an increasingly sophisticated and aware audience, community and/or customer base. The better businesses are very clearly aware of their purpose and have built a compelling vision for the future and created a practical plan to get there.

➤ Being Ready for Tomorrow

In a dynamic world dominated by economic, social and political change, you cannot wait for the luxury of things to settle down. You must use your know-how to anticipate and respond to the specific changes affecting 'your' world. In business, this means being ready to anticipate what may be happening next. This may involve exploring the changing needs of your customers, varying market, conditions or any other factor that may threaten the future or success of your business.

Dorothy Leonard the author of 'Wellsprings of Knowledge' discusses how our capabilities and expertise can be both helpful and a hindrance. That is, our knowledge can quickly become a problem if it fails to adapt to the form of skill, managerial system or a belief, but what gets a business or career into trouble is when the expertise and know-how we have is at odds with where we need to go next. Let us take Polaroid, the once proud international business which ceased trading in 2001, as an example. Polaroid could not change its core expertise from on negative film processing to the world of digital imaging the result being that Polaroid's core capability had reached its use by date. As Leonard also explains, the National Aeronautics and Space Administration (NASA) is another prime example of how capabilities must change. The abilities that got a man on the moon in 1969 are hardly those they will need to land a human being on Mars.

The lessons of Polaroid and NASA are transferable to every business in society, whether it is growing crops on a farm, changing the menu in a food bar or revamping the curriculum in a university. Our desire to modify our thinking and advance our capabilities is essential. However, what makes this discussion on capabilities so important is that the habits of individuals and the abilities of business are not easily changed. Even with clear-evidence for change, we must be motivated to make the change and reposition our knowledge.

One of the joys and burdens of winning the knowledge game is that our talents and abilities are often deeply hidden in our minds. It is easy to say that the success of a business is the brand, the location or an innovative design, but it is understanding how these abilities are maintained and sustained that is most important. Is it the understanding of adhesives at 3M that makes

them special, or is it their business leadership that actively encourages ideas to come from anywhere at an time that makes them so special? Such business self-awareness is priceless!

Leonard suggests that one practical way to map your capabilities in your business is to examine the last five innovations that you have implemented. Where did you draw your knowledge from and what form did it take? What physical asset, specific expertise or attitude is driving your success? Asking and answering such questions well help you to identify and learn from your business experience and be more successful in uncovering deeper knowledge and insight.

It is amazing how many managers are insulated from an honest assessment of their capabilities, whether it is in the private or public sector, in large or small business. Decisions are often made with insufficient knowledge and scanning of the environment and a lack of awareness of strengths and weakness, the result being a series of biased, subjective and filtered conclusions and a very poor action. Many decision-makers are decades behind in how they screen and scan their competitive environment. This particularly the case for small and medium-sized business, where the cost of such analysis and thinking is often seen as too expensive, time-consuming and complex. However, this may not be the case.

Competitive intelligence and deeper thinking about our capabilities with the right level of planning and implementation can pay for itself with better results and business advantage. Although market signals are rarely easy to read, asking the right questions can make a big difference, particularly if more effort is spent gaining quality data and insight from the right people. Needless to say, relying on a few trusted friends or just reading a one-page news summary is hardly sufficient in today's marketplace. We need to be much more clever and sophisticated in order to be successful. Finding out too late is a luxury no one can afford. We need to build a business attitude where everyone keeps their eyes and ears open to important signals in the marketplace so that our capabilities are relevant.

To do this requires us to stretch our imagination from the likely and predictable to the unthinkable or non-predictable. In a practical sense, drafting a plan for learning and action is a great start. To do this, you should be asked yourself which capabilities you wish to have in twelve month's time. Such planning can be a beautiful safeguard for an ever-changing world.

We only need to ponder for a minute some of changes that have affected our lives during the last few years. Who could have predicted the attack on World Trade Centre in New York on 11 September 2001? Interestingly, General Electric did have a contingency back-up plan in the event of such an incident occurring. Within thirty minutes of the attack, the system and data that were lost in the attack were backed up and replaced from alternative sources. All this planning was done in their scenario thinking well in advance.

In the modern business world, everything can be rosy and then in the blink of an eye your whole future can become very, very cloudy. It was only five years ago that Bill Gates said Microsoft had two years to change otherwise it would be out of business. Now the life cycle in the software industry is much shorter. It is not unusual for business in this industry now to talk about three month scenarios when it comes to planning. What a difference five years can make!

Take, for example, book and music shops. These are finding they must have a web presence if they are going to compete with the Amazons of this world. Such queue-jumping in the supply chain has now become very common in modern business, where access to instant information via the World Wide Web is common-place. These profound changes have created a whole new marketplace dominated by e-commerce, branding and cyberspace rather than by where you live and which building or home you work in.

Certainly with modern change, it places a whole new pressure on our ability to grow our know-how. Being a market leader is increasingly meaningless if customers can discover and find better options elsewhere. A year can now feel like a lifetime. It was recently expressed to me that we are now living in dog's years. That is, for each of our human years it now feels like we are living seven. Everything seems to be happening at a million miles an hour. Such a pace of

change can make us feel out of control. However, it is not all bad news! Living in change can also be incredibly exciting and invigorating, particularly if we are motivated enough to learn smarter and pool expertise to meet the challenges that lie ahead.

So the message of adaptability, agility and flexibility is central to winning the knowledge game. Take another issue like public health; here government employees are under constant pressures to meet the expectations of the media, voters, politicians and legislation, often with very limited resources and budgets. Then, depending on the issue of the day, the priorities can change overnight and the employees and health professionals must be ready to adapt the respond without a moment's notice.

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