Preface

INTRODUCTION

The emergence of the global and volatile service and experience based economy, global and mobile communication networks, and the Internet present new types of strategic threats and opportunities that companies of all sizes and in every industry are facing on a daily basis. Organizations’ downsizing and jobs reengineering are also daily endeavors. New skills acquisition by knowledge workers and an ongoing, increased pace of changes are the new norms in the workplace. Companies are required to introduce new products or services, cut costs, reduce risks, and to reinvent themselves, or face major challenges in this unique economic environment.

As the new economy continues to evolve, knowledge is being recognized as a business asset and considered a crucial component of business strategy. Therefore, the ability to manage knowledge is rapidly becoming a crucial skill for securing and maintaining organizational success and surviving in the new knowledge economy. The question is: how do companies succeed in this endeavor? The basic idea is that different companies manage their knowledge in different ways, the same way they differently manage their employees, financial capital, and other assets. Companies use different strategies to manage those assets: they diversify, they penetrate, and/or they develop new products. Knowledge management (KM) requires obtaining skills that will allow management to develop knowledge-based strategies.

I see companies as distributed knowledge systems, or as knowledge repositories. Instinctively, this should make sense to you, and herein lies the problem; companies use knowledge instinctively, not systematically, and as such they have limited ability to manage and control their knowledge strategies. The evidence for this claim is easy to see. When conditions change (and today they change more frequently then ever) companies have problems adjusting. How many survive? Not too many over longer periods of time. For example, the average life expectancy of a Fortune 500 company is about 40 to 50 years. Some writers would claim that leading the pack is more important that adjusting to change. But how many companies can do that systematically, over a long period of time? Also, in search of the competitive advantage within the new knowledge-based economy, companies invest heavily in information and communication systems. The effectiveness of such investments is questionable, however. Some researchers found a positive impact on company performances, while other researchers found at best no positive evidence and in the worst cases horror stories. Some of the horror stories described massive losses, failures, and even company closures.

A knowledge-based strategy is important to an organization’s success because it is the base for the organization’s core competencies. Our experience tells us that even companies that understand what core competencies are, are clueless about how to create and manage them. More than that, even companies that know how to manage the core competencies they currently have are clueless about how to create new ones when the need arises. In today’s business environment, managing knowledge-based strategy
is critical to develop the core competencies needed in a timely manner. Knowledge-based strategy is a winning strategy that will allow an organization to create and to maintain a sustainable competitive advantage in a systematic way. The key word here is systematic. More and more, companies are using the tools of strategic management systematically. Their management is meeting continually, at least once a year, and discussing strategic issues. The companies utilize inputs from customers, suppliers, and internally from employees to gather business intelligence, new product ideas, and so forth, and all this is then incorporated into a strategic plan. The plans are communicated and implemented, data about the outcomes is collected, and the plan is then revised. Some companies are starting to use more sophisticated tools, like strategic maps or balanced scorecards to manage their strategies, as well as capabilities. Some are even venturing into revolutionizing their business models and creating whole new industries, but to our knowledge, few companies are using any of these tools systematically to manage their knowledge base.

**MISSION AND OBJECTIVE OF THE BOOK**

This book is the culmination of more than 10 years of research, teaching and consulting in the area of KM strategies. More than 100 companies were involved directly through research, teaching, or consulting while I, with my colleagues, developed the tools described in this book in chapters 1, 4, 7, and 9. The mission of this book is to educate the business audience of the relevance of KM strategies for the development of business strategies. From my consulting and business experience, I know that there is a gap between the sustainable competitive advantage companies have and their use and ability to manage their core competencies. Companies also lack the ability to develop the appropriate knowledge base when they are in need of a new competency, and lastly, many companies are clueless about systematically managing the knowledge they already possess.

The objective of this book is to provide the business practitioners with a comprehensive set of tools that are designed to systematically guide them through a process that will focus on data gathering, analysis, and decision making that culminates in a strategic plan of action. I want the reader to understand that knowledge assets are a critical component in any strategic planning process. From the academic perspective, I want to introduce students studying knowledge management and business strategy to the value of utilizing the tools presented in this book as a means to quantify the strategic decision making process.

As academics, we have methods and information available to us that practitioners in the field do not. Our mission is to share the academic research and practical applications with those that can benefit the most---those that need to make the decisions. Our vision for this book, therefore, is to provide tools that can span the gap between the academic proofs and the real world practitioner. In other words, we do the ground work so you don’t have to do it yourself. You can take the exclusive and non-biased information that we provide and apply it to the success of your organization. The authors of this book have developed a series of tools that allow management to manage its new or existing knowledge assets, identify knowledge gaps, create strategic action plans, implement the solutions, and track and measure the progress and results of the implementation.
THE AUDIENCE FOR THE BOOK

The authors see a huge need for a practically-oriented book that will provide a specific set of tools to business practitioners who are struggling with the dilemmas described above.

Specifically, I identified the following readers for this book:

• Executives and managers with special interest in business strategy
• Knowledge management and organizational learning executives
• Knowledge management and organizational learning specialists and practitioners
• HR and IT officers
• MBA students taking classes in business strategy and knowledge management

THE SCHOLARLY VALUE AND THE CONTRIBUTION TO THE MANAGEMENT LITERATURE

The academic and popular literature discussing KM is relatively young. About 15 years ago, the first articles and books started to be published. When I started my research in this area, I was able to read every published article and to acquire every published book for the first three years. Today, there is a proliferation of writings in this area; still, the number of books focusing on the strategic aspects of KM is relatively small. Specifically, the process of developing the KM strategies is weakly covered. I believe that at this stage, the process should be left more open so it can be tailored to the specific context of the organization, while at the same time the reader should have access to a tool kit that s/he can use when needed.

THE CHAPTERS

This book has five sections. We start section one by discussing some basic and some specific new concepts that are used in the context of KM strategy development. The second section of the book discusses and describes knowledge audits. We then continue by discussing the strategic KM dilemmas in section three. The fourth section of the book discusses KM strategy at the organizational and inter-organizational level. Lastly, we discuss some intra-organizational KM strategic issues and functional KM strategies in section five.

Section one begins with a chapter written by Meir Russ, Robert Fineman, and Jeannette Jones that provides the basic building blocks the KM novice should understand. Chapter 1 also builds a few more in-depth concepts that should enrich the KM expert. The chapter starts with the discussion of three alternative and complementary epistemologies of knowledge. The chapter details two definitions of knowledge within the business context at the individual and organizational level and defines KM and KM strategy. The authors then discuss the vision, mission, and goals that should be driving the development of an organization’s KM strategy. This is followed by the gap analysis in terms of gaps in time and gaps among functions.

Chapter 2 is written by Kalotina Chalkiti and defines a new organizational capability, what the author calls, the relational flexibility, which is investigated as a case study in the context of the hospitality industry in the Northern Territory of Australia. Relational flexibility allows organizations the flexibility, responsiveness, and adaptability to dynamic labor environments while guaranteeing that KM activities
are not inhibited. According to the author, relational flexibility is the result of behaviors, which go beyond the scope of job descriptions, used to repair the relational disruptions of labor changes and to adapt to the inevitability of labor dynamism.

The last chapter in the first section of this book, Chapter 3, is written by Daniel Worden and discusses the emergent aspects of the implemented KM strategy according to the author, the role of information technology (IT) as an execution capability requires that both business strategy and KM be continuously examined, along with the need to more quickly align the business processes that use IT services so that they will be aligned with the changes in business strategies or priorities. The author suggests that the use of the predicted emergent business pattern as a tool to capture the feedback loops, which describe the dynamics of systems, allows the organization to capture and communicate intended strategy and emergent characteristics of the actual strategy, along with changes in the execution environment.

The second section of this book starts with Chapter 4, written by Meir Russ, Robert Fineman, and Jeannette Jones, and describes an open-ended audit tool, the knowledge assessment review and management audit-KARMA. The chapter describes the framework used for developing this audit. This is followed by a discussion of some illustrative issues encountered while utilizing the audit. A number of benefits and weaknesses are also discussed. The audit tool is then detailed.

Chapter 5 is written by Phillip Mattek and is a case study of the Green Bay’s Chamber of Commerce Foundation. The author is using KARMA, plus a few additional tools, to analyze the current state of affairs of KM within the organization concluding with a specific set of recommendations.

The last chapter in section two, Chapter 6, is written by Carolina López-Nicolás and Ángel L. Meroño-Cerdán. The authors begin the chapter with a brief literature review and then provide a brief description of a number of KM audit tools. This is followed by an introduction of the strategic methodology to the KM and intellectual capital audits proposed by the authors. The authors end the chapter with conclusions from early implementation of the methodology and next steps.

Section three of the book discuses KM strategic dilemmas. In Chapter 8, Mier Russ, Robert Fineman, and Jeannette Jones describe the six dimensions of the CEEP typology of knowledge-based strategy and detail the managerial dilemmas that each dimension encompasses. Then, based on this typology, an extensive taxonomy of knowledge-based strategies is presented. The chapter ends by suggesting a framework for KM strategy that uses the dilemmas and the levers of the strategy to create a context for the KM strategy.

The second and final chapter in section three, Chapter 8, is written by César Camisón-Zornoza and Montserrat Boronat-Navarro. The authors use two of the strategic dilemmas illustrated in the previous chapter, namely the exploration-exploitation and the codification-tacitness, to propose a process of knowledge development. This chapter outlines the main concepts and stages in the process of knowledge development in organizations and the organizational activities that have a positive influence on those stages. Information systems are seen by the authors as playing a fundamental role in supporting this process, especially in activities related to exploitation capability. The chapter concludes with summary and future directions.

Section four is the principal section of this book. Here we finally get to the actual development of KM strategy at the organizational (and inter-organizational) level. The first chapter in section four, Chapter 9, is written by Meir Russ, Robert Fineman, Riccardo Paterni, and Jeannette Jones and provides a comprehensive framework for the development of KM strategy. The initial building blocks for the two pieces of the framework are the specific goals expected to be achieved by the strategy. The first piece of the framework then identifies the levers, processes, capabilities, and systems framing the context for the “game plan” facet of the strategy. This is followed by conversation about the constraints and the
resources needed for the “action plan” part of the strategy resulting in outcomes. The second piece of the framework broadens the scope of the discussion by linking the knowledge base of the organization and its KM strategy with the business strategy and its core competencies framed by the internal and the external environment scanning needed for such a planning effort.

Chapter 10 is a case study written by Thomas Ginter and Jane Root, which uses some of the frameworks and tools described in the previous chapter, as well as in chapters 1, 4, and 7. The chapter describes their analysis and proposal for a KM strategy for a healthcare organization in Green Bay, WI. The authors provide a detailed background and business analysis for Aurora Health Care, as well as their specific set of goals and a game plan for using KM as a driver for the business initiatives and strategies facing their organization.

Chapter 11 is written by Mario J. Donate-Manzanares, Fátima Guadamillas-Gómez, and Jesús D. Sánchez de Pablo. The chapter broadens the scope of KM strategy to the inter-organization level by discussing a case study of a technological company’s KM strategy in the context of strategic alliances. The chapter discusses the unique aspects of establishing objectives and the use of KM tools and support systems in such a context. This is illustrated by a case study. Lastly, conclusions are discussed based on how the implementation had been managed.

Chapter 12 is written by Jiming Wu, Hongwei Du, Xun Li, and Pengtao Li. The authors develop a framework of how to create and deliver a successful KM strategy that includes three factors that are vital to KM success: top management support, a culture of organizational learning, and effective measures of KM performance. Then, each one of the three is elaborated upon and their multiple facets are further investigated and discussed. The chapter concludes with a summary.

The last chapter in section four, Chapter 13, is written by Lars Taxén. The author provides for an intermediate level framework, the activity domain, of alignment between the business and the KM strategies, one that bridges the individual and the organizational units of analysis. Alignment is defined by the author as the management of dependencies between capabilities in a way which allows these capabilities to fit the business’ strategic intents. The activity domain is defined as a canonical structure encompassing different types of organizational units, irrespective of size and organizational level. The organization is viewed as an assembly of activity domains, each having a capability to produce an outcome that the organization needs in order to fulfill its goals. Finally, practical guidelines and alignment targets for these strategies are suggested by the author.

Section five, the final section of this book, covers intra-organizational aspects of KM strategy. The first chapter in section five, Chapter 14, is written by Eleonora Di Maria and Stefano Micelli. The chapter discusses the alternative small firm’s strategies that are embedded in local manufacturing systems, and upgrading options by exploring the relationships among innovation, marketing, and network technologies, based on the author’s theoretical contributions to KM and industrial districts literature. This chapter focuses on the case of firms specializing in the “Made in Italy” industries (fashion, furniture, home products) to outline a framework explaining the new competitive opportunities to create competitive advantage for small firms. The authors present four case studies of Italian firms that promote successful strategies based on a coherent mix of R&D-based innovation, experienced marketing and design, and leveraging on ICT.

Chapter 15 is written by Amit Karna, Ramendra Singh, and Sanjay Verma. The authors discuss KM strategic issues for an effective sales and marketing (S&M) function within an organization. This function has a unique attribute in regard to KM, since the S&M function lies on the boundary between the organization and its customers, and as such, the function has to cater to both external and internal stakeholders. One implication of this is that the information that comes into the organization through
S&M employees is often collected, filtered, and assimilated in different forms and with different time delays. The authors address a number of KM issues and opportunities in the context of S&M and recommend a set of guidelines to enable managers to increase the effectiveness of the S&M function by using appropriate KM tools and strategies.

Chapter 16 is written by Diana Luck. The author discusses the implications of the development and implementation of CRM for KM. The author starts the chapter by reviewing the use of the CRM and database management in marketing. Then, the author extends this use into how CRM could align marketing with business development by using the KM aspects of the technology, specifically in the context of the hotel industry.

Chapter 17 is written by Nicole M. Radziwill and Ronald F. DuPlain. The authors discuss quality and continuous improvement aspects in KM. The authors define community (or organization) as a network of socio-technical systems that communicate and share knowledge in meaningful ways. This chapter investigates how to create a high-quality KM system in this context. The authors suggest using the four stages of a continuous improvement process, the five measures of quality within a KM system, and EASE (expectations, actionability, sustainability, and evaluation) heuristics they developed to assess the quality of KM systems and formulate strategies for continually improving them.

Chapter 18 is written by Ozlem Bak. The author discusses KM practice issues as relevant to supply chain management, specifically to the boundaries of organizations involved in the supply chain. The author defines the concept of supply chain as organizations organized around a common goal of delivering a product or service from the initial supplier to the end users. In this context, the complexity of assessing KM has two aspects. First, the difficulty of establishing the trail of knowledge creation in a supply chains; and second, how such situated knowledge can be utilized intentionally to develop a business strategy. For this purpose, the author suggests examining three types of chains: learning chains, virtual chains, and build-to-order supply chains. Finally, the author describes the unique challenges these create for devising a valid business strategy and for KM.

As the reader can see, this book has a wonderful mix of tools, illustrative case studies, and illuminating new theories. It is heavily focused on providing practical, process-oriented frameworks. The book is written by authors from all over the world with a concentrated attention on the KM practitioner at any level within for-profit and not-for-profit organizations. I hope you will enjoy it, and more importantly, put it to good use.

REFERENCES


ENDNOTES

1 For example, Russ, 2009 (ISOneWorld2009).
2 Tsoukas, 1996; Kogut and Zander, 1996.
3 See for example http://www.businessweek.com/chapter/degeus.htm downloaded June 4, 2009.
4 For example, Kim and Mauborgne, 2004.
5 See more in depth discussion in Russ and Jones, 2006.