Chapter 2.32
Knowledge Management
Strategy Formation

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INTRODUCTION

Knowledge-based organizations (Holsapple & Whinston, 1987; Paradice & Courtney, 1989; Bennet & Bennet, 2003) are intentionally concerned with making the best use of their knowledge resources and knowledge-processing skills in the interest of enhancing their productivity, agility, reputation, and innovation (Holsapple & Singh, 2001). A key question that confronts every knowledge-based organization is concerned with how to approach the task of forming a KM strategy. Beyond aligning KM strategy with an organization’s vision and overall strategy for achieving its mission, how does the creator of a KM strategy proceed? How is the created (or adopted) KM strategy communicated and evaluated? What can be done to avoid blind spots, gaps, and flaws in the strategy?

One way to begin to answer such questions is to study successful cases of organizational knowledge management (e.g., see Smith & McKeen, 2003; O’Dell et al., 2003; van der Spek, Hofer-Alfeis, & Kingma, 2003; Bennet & Porter, 2003; Oriel, 2003; Wolford & Kwiecien, 2003; Kelly & Bauer, 2003; DeTore & Balliet-Milholland, 2003). Such cases can give specific KM strategies to consider emulating or adapting. They can lead to an understanding of various issues to consider in the act of forming a KM strategy. Other cases can even identify dysfunctional elements to avoid during KM strategy formation and use (Malhotra, 2003).

A complementary approach to answering such questions is to employ a general-purpose model as a guide for KM strategy formation. This can be used regardless of the nature of the organization or its particular circumstances. It guides the strategy formation process in the sense of providing a structure for identifying the KM activities that a strategy can or should address in its efforts to maximize performance. A KM director uses the model to assess where the organization presently stands with respect to each of the identified
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activities, to consider new initiatives for each of
the activities (customized to the organization’s
particular circumstances), and to furnish dimen-
sions for evaluating competitive standing.

Here, we examine the Knowledge Chain
Model for guiding KM strategy formation. It is
important to understand that this is not a process
model that specifies some sequence of steps to be
followed in devising KM strategies. Rather, it is
a model that identifies key factors that need to be
considered in the development of KM strategies.
These factors are “key” in the sense that they are
potential sources of greater competitiveness. They
are areas of activity that, if performed better than
competitors, will yield superior organizational
performance through better productivity, agil-
ity, innovation, and/or reputation. Creators of
KM strategies need to pay close attention to the
techniques and technologies selected and deployed
in each of the key activity areas in both their
own organizations and in other (e.g., competing)
organizations.

BACKGROUND

The notion of a strategy has varied meanings
(Mintzberg & Quinn, 1996). Here, we regard
strategy as being a systematic plan of action for
deliberately using an organization’s resources in
ways that fulfill its purpose (e.g., mission, duty,
vision). A knowledge management strategy, then,
is a plan for marshaling and applying knowledge-
oriented resources in the interest of supporting
the organization’s purpose. These knowledge-orien-
ted resources include the organization’s knowl-
edge processing capabilities and its knowledge
assets (Holsapple & Joshi, 2004). The classes
of knowledge assets include knowledge held by
an organization’s participants, various artifacts
belonging to the organization (e.g., documents,
manuals, videos), the organization’s culture, and
its particular infrastructure of roles, relation-
ships, and regulations. The knowledge processing
capabilities include the skills of both individual
participants (both human and computer-based pro-
cessors) and collective participants (e.g., groups,
teams, communities) in the organization.

Knowledge Processing Capabilities

An organization’s knowledge processing capa-
bilities can be categorized into those that are
technologically based and those that are practice
based. Capabilities can depend on a combination
of these two. In any case, knowledge processing
capabilities manifest in the actual activities that
an organization performs as it operates on its
knowledge assets. KM strategy determines what
technologies and practices will be adopted in any
given instance of a KM activity.

Information technology (IT) is being sub-
sumed by knowledge technology. IT systems
for automated transaction handling, record stor-
age, and reporting remain important. However,
the emphasis going forward is on technological
systems that support knowledge amplification
within and across organizations. This knowledge
technology involves the use of computer and com-
munication technologies to automatically acquire,
derive, or discover knowledge needed by decision
makers and researchers on a just-in-time basis.
Knowledge technology fosters knowledge sharing
and unleashes the creative potential inherent in
knowledge-worker collaboration. It includes tech-
nology that measures and coordinates the activities
of knowledge workers. Knowledge technology
provides a basis for organizational memory and
learning. It also involves technology to personalize
timing and presentation of knowledge delivery
according to knowledge-worker profiles.

Human cognitive and communicative acts
are the other part of the KM equation. This part
comprises knowledge practices and their align-
ment with an organization’s vision and plans.
These practices are based on knowledge ontolo-
gies, methods, techniques, metrics, incentives,
and processes. They are concerned with issues of