Chapter 9

Knowledge Management on Demand: Leveraging External Consulting Expertise

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ABSTRACT

For some organizations, “knowledge management” is the name of a department staffed with experts and the description for an element of corporate culture. In others, certain aspects of KM (typically large projects) are outsourced to global consulting firms. In still others – often smaller entities – it may be a function supported by one-time or occasional consulting assistance to diagnose requirements, recommend solutions, and perhaps guide implementation. The chapter explores the business model and value proposition of “purchasing in” consultants who bring to bear their experience and expertise from many other engagements to the specific needs of every new client. Specifically, the chapter looks at success factors for organizational managers in achieving value from the consulting engagement.

BACKGROUND: KNOWLEDGE MANAGEMENT NEED NOT BE INTERNALLY GENERATED

The preceding chapters have discussed knowledge management in settings where it is conceived and orchestrated internally in the organization. To round out the picture, this chapter focuses on situations in which knowledge management is planned and possibly kickstarted from outside in the form of consultants. In an outsourcing “on demand” model, the organization engages one expert or a small team of experts for a limited time to obtain advice on the best options.

It is a common practice for organizations to purchase expertise on a time limited basis when circumstances require it. Recognizing that certain activities - say, renovating an office or refitting the premises to meet new
accessibility legislation - require expertise and skills not held among the organization’s staff members, enterprises and public sector entities large and small request and pay for the services of consultants to achieve specific goals in specified time frames. In so doing, they obtain several key benefits:

- The organization gains the advantage of being able to inject directly into a current challenge or opportunity specific expertise the consultants have garnered through many engagements; such an injection of expertise would not be possible no matter how many courses existing staff members were to take.
- Consulting fees are temporary; there is no long term obligation in salary or benefits.
- Consultants bring a fresh perspective and experience from past work with circumstances similar to those currently experienced by the client. They are in a position to credibly guide the client as to what has worked well and not so well for other similar organizations.
- In a consulting engagement, the consultants are neutral outsiders who are not involved in any internal politics or power constellations. They can bring to bear their expertise with a full focus on discovering how the client organization is currently operating and on devising strategies for addressing gaps and challenges and for taking advantage of opportunities. (Naturally, it is subsequently the client’s challenge to carry forward the impetus delivered by the consultants.)
- It is cost effective to pay consultants for their unique insights and expertise while staff then perform the long term and day to day work of implementation.
- The consulting relationship provides defined deliverables for a specified compensation, giving the client certainty as to the expense.
- When the consultant or consulting firm signs a contract for service, the client is relieved of any concern regarding recruiting talent or replacing it in the event of its departure.

In the following, the focus is consulting engagements as opposed to such arrangements as hiring freelancers, on-call technical support specialists, or temporary staff during periods of peak operational demand. In other words, the key characteristic of the engagement between the client and the consultant is that the latter provides advice.

**THE OUTSOURCING - OR INSOURCING - MODEL**

The very existence of consulting firms - from one-person sole proprietorships to multinational consulting corporations - attests to the enduring value perception attached to the benefits listed above. Similarly, the many books (a search in online bookseller catalogs yields a five-figure number) on specific types of consulting such as management consulting and on the keys to consulting success substantiate that a stable profession exists. For many organizations, relationships with consulting organizations are well entrenched as a normal business process.

In general, consulting firms consisting of one or just a few individuals provide value to their clients by performing investigative work and providing recommendations for future directions. In some cases, small consulting firms are engaged to develop implementation plans and guide the change management activities flowing from the recommendations;