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IMPLEMENTING KNOWLEDGE MANAGEMENT IN CORPORATIONS

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ABSTRACT

Knowledge management has almost become a buzzword in recent times for managers and organizations. Just to join the mainstream, many organizations have invested heavily in Knowledge management initiatives and software. But Knowledge management is not limited to IT or computers/servers. There are other important issues like culture, strategy, process, structure, leadership and system, which must be addresses for success implementation of Knowledge Management. We have tried to analyze the various issues which are essential for implementation of a successful Knowledge Management in any organization.

Keywords: Knowledge management, Knowledge Cycle, KM Structure, System, & Strategy

Introduction

In the changing business scenario, the traditional assets like machinery, capital etc. are losing their importance and knowledge is gradually being recognized as the most important assets. But knowledge does not have any physical form. It mainly resides in the minds of the people who are dealing with the various activities.

The management and business history is replete with numerous stories and cases of organizations once at the citadel of market share and profitability vanishing into oblivion with the changing environment. Though various reasons have been ascribed to their failures, the root cause of almost all of these failures can be traced to their lack of renewal. When an organization exhausts its hunger and desire for learning and updation, it stops renewing and is often caught by surprising changes, which poses a variety of challenges. But all along these organizations have been ignoring and neglecting the strong knowledge base that they build over a period of time. Knowledge resides in various forms and patterns in the various domains and people of the organization. But organizations have failed to use this collective knowledge and leverage these experiences for building competitive advantages.

The Knowledge Cycle

Knowledge can be broadly divided to Explicit, which is expressed, documented and visible and Tacit, which is invisible, impossible to document and residing in the brains of the people who carry it. The basic difference between the two is that while the former is easily captured

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the latter cannot, Tacit knowledge moves along with the people carrying it. Now in the competitive era, where speed and innovation is the talk of the day, improvement in process, introduction of new products, increased quality and price proposition and above all the time respond to the changing environmental condition becomes the key to maintain the leadership position. In this condition, Learning becomes the key and harnessing the internal knowledge is and important aspect of this process of learning.

So the basic organizational challenge becomes to use the existing knowledge of the organization both Explicit and Tacit to create more and more knowledge for the organization.

But the most important assignment is to capture and assimilate the Tacit Knowledge as much as possible. For knowledge to be useful and effective, it must evolve from the Tacit form to Explicit form. Nonaka and Takeuchi have provided a famous and often quoted framework for understanding this. They have identified various ways through which Knowledge spread and matures in an organization.¹

1. From Tacit to Tacit:- Tacit knowledge which is residing with the people's heads can be captured by someone else only through direct interaction, association, observation, imitation etc. this process has been called "Socialisation".
2. From Tacit to Explicit: - Tacit knowledge is abstract and intangible. It can be used effectively only when it is in some tangible form. For this the Tacit knowledge has to be codified to some documents, manual etc. to make it Explicit. This is called the process of "Articulation".
3. From Explicit to Explicit:- when organizations collect information from the various sources inside the organization and synthesizes them to make a knowledge base, the knowledge gets transformed from Explicit to Explicit form. This is called the process of "Combination".
4. From Explicit to Tacit:- Ultimately the knowledge to contribute to the organization's capability building has to be internalized by the members, by which they broaden, extend and reframe their own Knowledge base. Here the knowledge gets transformed from Explicit to tacit form and becomes most useful for the organization. This process is called "Internalisation".

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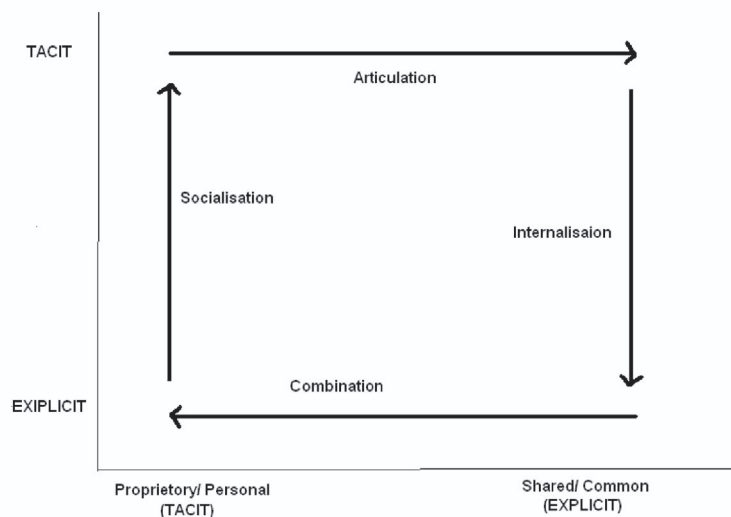


Figure 1

1. Originated by Nonaka, Takeuchi (1995), adopted from Competing through Knowledge, Madhukar Shukla

Why KM is Required

The profiles of jobs today are heavily tilted towards Tacit skills. The tacit activities like collaboration, coordination, networking, exchange of information etc. are increasingly becoming important parts of jobs. For boosting productivity of any organization, the efficiency of not only the Transformational activities (where the raw material gets transformed from one form to another) and Transactional activities (like Procurement or payment sections), but Tacit activities (like drawing on information from diff. sources like coworkers, customers, suppliers) Hence it becomes more and more important to tap these Tacit skills, which are required to build competency in these areas, and disseminate them throughout the organization.³

The basic objective of KM should be to enhance the value that an organization creates for the customers and the society.

It is imperative for organizations to tap the collective knowledge and experience of people and use it to build and sustain their competitive advantage. This also sets the Objective and Agenda of Knowledge Management for creating value.

The value comes from three levels: - at the lowest level, the knowledge should help the company doing better what it has been doing. At the second level knowledge can be used to underpin new forms of commercial activity such as customer-focused teams and cross-unit coordination. But at the broadest level, knowledge can be used as a product, which can be sued for creating an entirely new value proposition for the customers. (see exhibit)⁴

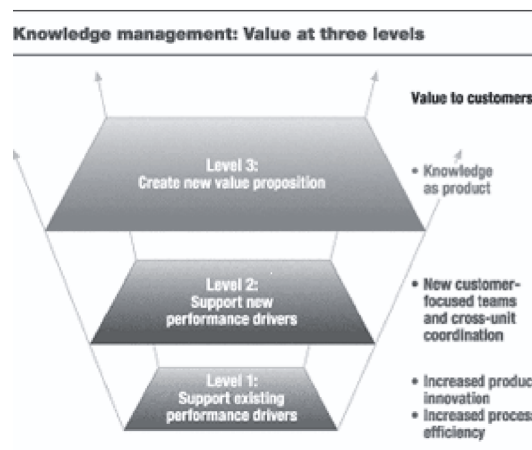


Figure 2

4 - Source: Managing Knowledge manager, Mckinsey quarterly, 2001 no.3

Implementation of KM

The various issues involved in the implementation of Knowledge management can be seen as a combination of several factors, as shown in the figure below. While addressing the issues for implementing KM all these areas like Strategy, Structure, Process, Culture, System and Leadership should be addressed holistically and not in isolation to each other.

KM Structure

For proper implementation of KM in any organization, there should be a proper structure with authority and accountability. Many organizations around the world have been appointing Chief

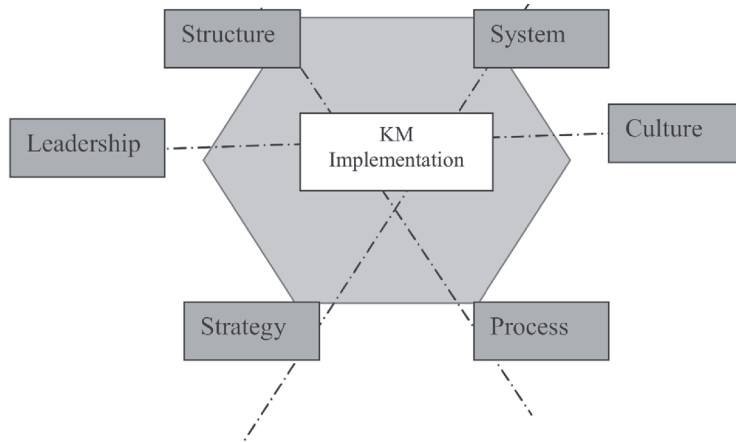


Figure 3

Knowledge Officers (CKO), who becomes the nodal agency for coordinating all the activities along with the core team. But the main functions of core team becomes like plumbers who facilitate the flow of information from the source to where it is needed and it is them who decide the size and capacity of the knowledge pipes to accommodate the requirement.

The CKO should report to the CEO directly for all kinds decisions and support.

KM Systems

Knowledge Management system as shown in the exhibit below, indicates that it should have an internal repository of knowledge, which can be accessed and referred to by any member of the organization. This gives a platform to share the experiences of successes and failures so that important insights and lessons can be drawn.

The external knowledge sources and databases open the new vistas of knowledge for the employees, which increases their learning and capability and prepares them to take important strategic and business decisions.

The collaborative and interactive tools allow the various organizational members to discuss and interact on important issues and these collaborations become important platforms for evolution of knowledge.⁵

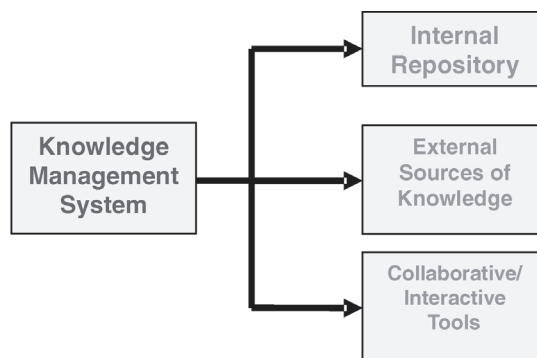


Figure 4

KM Strategy

In today's management literature, there is no dearth of stories with accounts of the power of knowledge to reshape business fortunes. Knowledge has been recognized as an important asset, with many distinctiveness like:-

1. Unlike any other assets, knowledge does not depreciate.
2. Knowledge follows the laws of increasing returns, once the knowledge has been created, its cost can be spread across rising volumes.
3. Knowledge assets and investment in knowledge follows perfect economies of scope, collective knowledge of any organization can be leveraged for multiple businesses.
4. Unlike other traditional assets, the value of knowledge increases as more and more use it. Knowledge gets enriched as more and more collaboration happen.⁶

So creation and distribution of knowledge should be an important aspect of an organization's strategic initiative.

KM Process

Information Technology and computers have become backbone of KM across the world. Now we have moved far ahead from the days, when somebody seeking some expert opinion or knowledge used telephones and faxes to get it from experts lying somewhere in the organization. With the coming of the high speed data networks, all these becomes easier, hence forcing organizations to invest heavily on these IT Infrastructures to support the KM drive.

The channel of communication should be flexible and open to connect those who need a specific knowledge and those who possess this specific knowledge.

But one should not forget that IT can be only facilitator, not the soul of KM. The use of IT for building infrastructure of any organization should be flexible and people centric, which can be used by employees spread across diff. geographic regions and functions for seeking knowledge.

KM Culture

However grand may be the Knowledge strategies of an organization, whatever may be the structures and process, ultimately the success of Knowledge Management depend on the culture of the organization, the culture of Knowledge sharing and Knowledge seeking. Traditionally knowledge has been equated to a source of power and people tend to hoard knowledge without sharing. Organizations in their effort in eliciting knowledge, more importantly tacit knowledge from the heads of its people, should encourage them to share. People should be recognized properly for their contribution to the knowledge base of the company. At the same time instead of a Top-Driven knowledge pushing culture, there should be a Knowledge-Pull⁷ culture where there constant demand and search for knowledge. This can be possible if there is a performance driven culture, with people having stretch targets, which motivates and encourages people to be on constant search for existing and new knowledge.

KM Leadership

Like any other new initiative, Knowledge management requires strong leadership from the top, with proper resource support and clearly set directions and targets. When an organization initiates an Knowledge management program, massive awareness and training programs should be conducted not only to apprise them of the importance and benefits of KM, but also about the use of the IT enabled process to seek and share knowledge.

Conclusion

So while implementing a program of Knowledge Management, sufficient emphasis should be given to all the aspects and issues. Ultimately the success of implementation depends on the passion and commitment of leaders in inculcating an atmosphere, where people will be encouraged to share and seek knowledge. Perhaps the time has come for organizations to wake up to the challenges of the coming days, where the context and environment is changing rapidly, where the traditional sources of competitive advantage is fast vanishing. Under these circumstances how effectively an organization taps, creates and disseminates knowledge and creates a culture of learning will decide its success or failure.

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