



Knowledge management and the smarter company

By **Gretta Rusanow**, CEO, Curve Consulting

- *How understanding knowledge management assists the business*
- *Aligning your knowledge-management strategy with your business strategy*
- *How to implement a knowledge-management strategy*

Companies that fail to harness and manage their knowledge will risk losing their competitive edge within three years. To succeed, they must take a broad, business-oriented approach to knowledge management. Consider these pressures facing companies today.

An ever-changing business and regulatory environment means that companies must find ways to stay abreast of changes and quickly react to those changes. This means having systems and processes in place to monitor changes, formulate business rules in compliance with those changes and implement those business rules across the company to ensure compliance.

The growth of companies into diverse industries and dispersed locations has made it increasingly difficult to share knowledge within the company. Many end up with a 'silo' environment, where knowledge is never shared between businesses and locations. Consequently, the company never taps into the power of its diversity or size. Where knowledge cannot be easily shared, the company is also in danger of non-compliance with the rules governing it.

A highly mobile workforce means that companies are constantly challenged to retain talent, and to make the most of that talent while it is part of the company. Companies must also ensure that, despite a high turnover, all staff understand the corporate culture and comply with

the rules governing the company. Companies must find ways to train new employees in a shorter timeframe so that they become productive more quickly. They must address how to train a constantly changing staff in the business rules of the company and to manage the risk of non-compliance. Given the high cost of replacing staff, they must also create a stimulating work environment so that employees will be less inclined to leave.

Increased competition places enormous pressure on companies to differentiate themselves in multiple markets and from multiple competitors. Companies need to have a thorough understanding of their businesses and take a strategic approach to their future growth. To better understand their businesses, they need to know about their company's market position, competitors, key customers and market trends.

What is knowledge management?

Regardless of where and what you do, knowledge management is about understanding the broad range of knowledge you use in your business and then developing systems (technological or otherwise) and processes to identify, capture, disseminate and use that knowledge to achieve your business objectives. It is simply about working smarter.

Knowledge management can take many forms and should always be based on a company's business needs. Where ensuring staff act consistently and in compliance with the company's business rules is a major business issue, methodologies, precedent documents and professional development programs are effective tools. Where sharing knowledge within a diverse company is a business issue, companies should introduce skills and expertise locaters, communities of practice, debriefing programs and methodologies to enable knowledge sharing between multiple businesses and locations. For a company trying to retain talented staff, methodologies, precedent documents and know-

how files help eliminate low value-added, repetitive tasks, freeing staff to pursue more challenging work.

Companies should also understand that there is a broad range of knowledge to be managed. Beyond knowledge relating to the product or service the company offers, it should manage knowledge relating to the business — customers, competitors, market trends and financial position. Managing this broader scope of knowledge enables companies to better understand their businesses. With this knowledge, a company can develop a business strategy to build upon its market strengths, address its market weaknesses and differentiate itself from its competitors.

Companies should manage both explicit (articulated) knowledge and tacit (unarticulated) knowledge. In other words, not everything can be contained in a document. Sometimes, the most valuable knowledge remains in people's heads, and no amount of documenting that knowledge will capture it in its entirety. Instead, companies need to build processes to connect experts with the seekers of that expertise, recognising the power of a conversation to convey critical knowledge.

Knowledge management is often viewed as a technology project, though technology is just one element. Building a dedicated knowledge-management organisation and creating a culture that encourages staff to share knowledge are also vital.

For many companies, knowledge management is a narrow concept. They have typically focused on using technology (such as a corporate Intranet or document management system) to manage explicit (articulated) knowledge relating to the core product or service. They have not focused on managing tacit (unarticulated) knowledge or on managing knowledge about the business beyond its core product or service offering. They have also not adequately focused on building a dedicated knowledge-management organisation and developing a knowledge-sharing culture. Many companies have failed to realise the potential of knowledge management because it was not closely tied to the business objectives of the company.

Before you develop your approach to knowledge management, you should be clear about your company's business and knowledge-management objectives. You should then draft a corporate knowledge-management strategy that aligns with your company's business strategy and reflects your business and knowledge-management objectives.

As you implement knowledge management,

you should apply business rigour to every knowledge-management initiative you pursue, from developing a business case to measuring and demonstrating the value of that initiative.

Gain high level management support

From the start, you should gain high level management support for knowledge management. To gain such support, management should have at least a cursory understanding of the value of knowledge management. Since knowledge management is a relatively new concept, management may not know what it is and will probably need to be convinced of its value to the company.

You should place knowledge management in the context of the company's business objectives and demonstrate how it can drive the achievement of those business objectives.

You need to get management to conceptualise knowledge management in broad terms. This is not just about day-to-day work. This is also about how management gathers and uses its knowledge to operate the company and minimise the risk exposure of the organisation. You will get management's attention by drawing the lines connecting knowledge management and business objectives.

Once management understands the importance of knowledge management to the company, it must send a clear message of support to the company. The rhetoric of management regarding knowledge management will set the tone for the company's approach to knowledge management.

Form a knowledge-management team

Your company should create a knowledge-management team to build awareness about knowledge management throughout the company and develop the company's knowledge-management strategy. The team should represent each division of the company and consist of business people, administrative staff and IT staff.

Understand the knowledge needs of the company

To develop a knowledge-management strategy that meets the needs of your company, you must first understand the knowledge needs of the company and look at how staff currently address those needs.

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Conduct a knowledge audit

A knowledge audit enables you to understand the knowledge needs of the company and to identify what knowledge-management systems and processes the company already has. You should conduct focus sessions with business units and departments to find out how people work and how they use knowledge to do their work.

Analyse results and identify the key findings

The focus sessions will help you identify the specific knowledge needs of staff, opportunities for knowledge management and any cultural, organisational and technological barriers to knowledge management.

Identify knowledge management best practices

As you analyse how your company currently uses knowledge to operate, your knowledge-management team should look at industry best practices. The team should then consider the key issues facing your company in the context of knowledge management best practice.

Draft a knowledge-management strategy

The knowledge-management strategy should reflect the knowledge needs and work processes of all staff, as well as your company's culture and its business strategy.

The strategy should define the scope of knowledge that you will manage and the scope of knowledge-management initiatives you will implement. It must focus on building a culture of knowledge sharing, creating an organisation to support and facilitate knowledge sharing, developing a technology platform for the knowledge-management system and ensuring that knowledge-management initiatives facilitate the achievement of business objectives.

The strategy should describe the company's knowledge-management objectives and highlight its current approach to knowledge management. It should contain recommendations to move the company toward the achievement of its knowledge-management objectives, but be flexible enough to enable different business units and departments

within the company to develop knowledge-management processes and tools that meet their needs.

Implementing knowledge management

Implementing your knowledge-management strategy involves identifying specific initiatives that enable the company to achieve its strategic goals.

As you identify specific initiatives, you should look at whether pockets of your company have implemented knowledge-management initiatives that could be adapted to meet the broader company's needs. You should also look at what your suppliers offer. For example, the law department should ask its law firms to provide access to work product repositories, professional development programs and precedents.

To succeed at knowledge management, you should ensure that every knowledge-management initiative meets your business and knowledge-management objectives.

Before you commence any knowledge-management initiative, you should draft a project plan and business case. The project plan enables you to understand the investment and time associated with implementing the initiative. The business case allows you to articulate how the initiative meets a specific business need or business objective. You can then assess whether the predicted outcomes justify the investment in the initiative.

Conducting pilot initiatives gives the knowledge-management organisation the opportunity to get initiatives right. The best planned projects may sometimes miss critical barriers that only become evident during implementation. Before you roll out a knowledge-management initiative in your company, you may want to begin with a small group. This enables your company to manage any issues associated with implementation, with minimal disruption to the company.

Knowledge management is not a project with a completion date. This is about adopting new ways to work that, over time, become deeply ingrained in the work processes within your company. It takes several years to achieve the desired knowledge-management environment — even with a well-thought through knowledge-management strategy. The key is to take a phased approach, beginning with 'quick win' initiatives in the short term to build understanding and support for knowledge management, building toward sophisticated company-wide knowledge-management initiatives and a culture and organisation to support them.

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Given the diverse nature of a typical company, it is also critical that the knowledge needs of different business units and departments are met, under the umbrella of a company-wide knowledge-management strategy. Companies will likely have both company-wide and business unit-specific knowledge-management initiatives. The key is for the company to take a consistent approach to knowledge management, ensuring that all parts of the company progress at the same rate, while meeting the knowledge needs of different businesses and departments.

Measure and demonstrate the value of every initiative

Knowledge management is all about driving the achievement of your company's business objectives. To do it well requires significant, ongoing investment by the company. Demonstrating the value of knowledge management to the company is critical to securing the support necessary to implement knowledge-management initiatives. It is simply not possible to demonstrate value without first measuring value. However, this is not just about hard numbers. Value can also be measured in soft

terms, by seeking anecdotal feedback from staff on how a specific initiative has helped achieve a business objective. For example, hearing a staff member describe how getting their hands on a document at a crucial time saved the company \$100 000 is much more powerful than listening to how many hits a website received! The key question to ask is how does this knowledge-management initiative specifically achieve our knowledge-management objectives and support the achievement of our business objectives?

In any company, there is a direct link between its approach to knowledge management and its profitability. The key is to be broad in the range of knowledge-management initiatives and always tie knowledge management to the company's business objectives.

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