
KNOWLEDGE MANAGEMENT AND THE SMARTER BUSINESS

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Navigating to create, maximise and sustain value

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 plays two key roles in financial performance, measurement and benchmarking. First, by creating systems and processes to better use your company's knowledge, you will reduce costs and increase revenue, thus improving your financial performance. Second, by managing critical knowledge about your business – knowledge about your clients, competitors, market position and financial position, you can better manage your business.

Consider the cost of duplicating work. How much time do staff spend creating proposals from scratch because they were unable to access a library of prior, similar proposals? Think about the cost of inconsistency. How much damage is done to a client relationship when your sales team presents an existing client with inconsistent contractual terms, simply because the team wasn't across the nuances of the existing relationship? What about the opportunities a rapidly growing company misses out on, because staff no longer knows one another's skills and expertise? Knowledge management eliminates duplication and ensures consistency through simple tools such as a contract database, proposal bank and methodologies. Knowledge management also helps a rapidly growing company leverage its size and diversity, through skills and expertise locators and communities of practice.

Knowledge management also enables a company to increase revenue. By providing access to accurate corporate knowledge, such as prior proposals, contracts and methodologies, staff can work more productively and spend more time pursuing new business opportunities. Having better access to knowledge about your clients, is the first step in finding ways to increase your revenue stream from your existing client base. Knowing about your market and your competitors enables you to build products and services that set you apart from your competitors and increase your client base and revenue. Most businesses have this knowledge spread across various, disparate systems and in employees' heads. Consider what systems and processes you have in place to track knowledge about your clients, your market and your financial position.

A BROAD SCOPE OF KNOWLEDGE

Companies should take a broad view of the knowledge they possess. Many companies focus on managing knowledge relating to the product or service the company offers. However, managing knowledge relating to the business – customers, competitors, market trends and financial performance – is critical. Managing this broader scope of knowledge, enables a company to better understand its financial performance and measure that performance against its competitors. With this knowledge, companies 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.

A BROAD SCOPE OF KNOWLEDGE MANAGEMENT

Knowledge management is often viewed as a technology project, though technology is just one element. Knowledge management initiatives, such as best practice documents, communities of practice and debriefing sessions are more about process, and may only involve technology as a facilitator. Having staff dedicate time to knowledge management and creating a culture that encourages staff to share knowledge are also vital.

RELATE KNOWLEDGE MANAGEMENT TO YOUR BUSINESS

Before you develop your approach to knowledge management, you should be clear on your company's business and knowledge management objectives. You should then draft a knowledge management strategy that aligns with your 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. Knowledge management can take many forms and should always be based on a company's business needs.

HOW TO APPROACH KNOWLEDGE MANAGEMENT

GET MANAGEMENT ON BOARD

From the start, you should place knowledge management in the context of your company's business objectives and demonstrate to management 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. In particular, you should articulate how knowledge management can improve the company's financial performance - and how knowledge management can help the company to measure and benchmark its performance. 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 your company, it must send a clear message of support to the company. The rhetoric of management regarding knowledge management will set the tone for your company's approach to knowledge management.

UNDERSTAND THE KNOWLEDGE NEEDS OF THE COMPANY

You should ask your staff what they do and what knowledge they use to do it. Their answers 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, you should look at industry best practices. You 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, dedicating staff 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 areas of your business to develop knowledge management processes and tools that meet their needs.

IMPLEMENT KNOWLEDGE MANAGEMENT

Implementing your knowledge management strategy involves identifying specific initiatives that enable your company to achieve its strategic goals. With every knowledge management activity, you should ensure that your efforts directly support a clear business need or business objective. The two key principles you should follow are:

- Have a good business reason for each knowledge management initiative
- Implement knowledge management initiatives based on their value and complexity.

Developing high level project plans and business cases for each initiative will give you a clear picture of the initiative's value and complexity. You should begin with simple, high value knowledge management initiatives that will form the basis of more sophisticated systems and over time, build toward more sophisticated knowledge management systems and processes. Consider these two examples:

- A simple knowledge management initiative may be the creation of a library of best practice proposals. Over time, you may develop a template proposal, with variables depending on the circumstances of the project.
- In the early stages of your business, holding weekly staff meetings to share knowledge about current projects and future plans may suffice. In the longer term, as your business grows, creating small communities of practice to draw together staff with similar interests, may become key.

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.

MEASURE AND DEMONSTRATE THE VALUE OF EVERY KNOWLEDGE MANAGEMENT INITIATIVE

Knowledge management is all about leveraging your knowledge to achieve your 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 feedback from staff on how a specific initiative has helped achieve a business objective. 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. For any business, managing its knowledge is about managing its business.

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Gretta Rusanow, May 2004