The two faces of Knowledge Management

Gregoris N. Mentzas

Knowledge Management (KM) focuses on corporate knowledge as a crucial asset of the enterprise and aims at the optimal use and development of this asset, now and in the future.

A knowledge management solution needs to be linked to and support an organisation’s strategic objectives as well as have its own strategic objectives.

It must support key business processes as well as have its own clearly defined knowledge processes for facilitating the creation, acquisition, synthesis, sharing, and use of information and insights.

KM encompasses identifying and mapping intellectual assets, generating new knowledge for competitive advantage within the organisation, making vast amounts of corporate information accessible, sharing of best practices, and information and communications technology that enables all of the above.

Last, but certainly not least, knowledge management involves the establishment of the appropriate corporate culture, value and reward systems that measure and reward the application of intellectual capital to achieve remarkable performance.

A first phase in the emergence of the knowledge management (KM) market is now drawing to an end.

This phase has been shaped by three major actors: software vendors providing IT tools, a significant body of early adopters which have demonstrated the benefits of considering knowledge as a key asset, and consultancy firms and system integrators that provide related services.

Two approaches to KM have been mainly employed in this first phase of the KM market; let’s call them the “product” and the “process” approach. These approaches adopt different perspectives and are associated to dissimilar competitive and functional strategies (see Table 1).

Knowledge as a product

The “product” approach implies that knowledge is a thing that can be located and manipulated as an independent object.

Proponents of this approach claim that it is possible to capture, distribute, measure and manage knowledge. This approach mainly focuses on products and artefacts containing and representing knowledge; usually, this means managing documents, their creation, storage, and reuse in computer-based corporate memories.

Examples include: best-practice databases and lessons-learned archives, case-bases which preserve older business-case experiences, knowledge taxonomies and formal knowledge structures, etc.

This approach is also referred to as ‘content-centred’ or ‘codification’ approach.
Knowledge as a process

The “process” approach puts emphasis on ways to promote, motivate, encourage, nurture or guide the process of knowing, and abolishes the idea of trying to capture and distribute knowledge.

This view mainly understands KM as a social communication process, which can be improved by collaboration and cooperation support tools. In this approach, knowledge is closely tied to the person who developed it and is shared mainly through person-to-person contacts.

The main purpose of Information Technology (IT) in this case is to help people communicate knowledge, not store it. IT tools in this case comprise e.g., e-mail, video-conferencing, workflow management systems, systems for the distributed authoring of hypertext documents, group-decision support systems, etc.

This approach has also been referred to as the ‘collaboration’ or ‘personalisation’ approach.

<table>
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<th>Table 1. The two approaches on Knowledge Management</th>
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<td><strong>Knowledge as a “Product”</strong></td>
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<td><strong>View</strong></td>
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<td><strong>Focus of IT</strong></td>
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<td><strong>Technologies mainly used</strong></td>
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KM initiatives

Both approaches are evident in the various real-world KM initiatives.

Adopting the “knowledge as a product” approach means treating knowledge as an entity rather separate from the people who create and use it. The typical goal is to take documents with explicit knowledge embedded in them — memos, reports, presentations, articles, etc. — and store them in a repository where they can be easily retrieved.

Three commonly found types of projects of the “knowledge as a product” approach are for capturing and re-using:

- **External knowledge.** External knowledge repositories range from information delivery “clipping services” that route articles to executives, to advanced competitive or customer intelligence systems.

- **Structured internal knowledge,** e.g. embodied in research reports, product-oriented marketing materials, corporate techniques and methods.

- **Informal internal knowledge,** e.g. discussion databases or “lessons learned” databases.

Examples of companies that aim at a continual enhancement of their knowledge base — the collection of best practices, methods and reusable work products — include General Motors, Glaxo Wellcome and DaimlerChrysler.

Treating “knowledge as a process” usually considers enabling the development and flourishing of communities as a key solution for knowledge leverage.

Firms adopting this approach, focus on the creation of communities of interest or practice (self-organised groups which ‘naturally’ communicate with one another because they share common work practices, interests, or aims), to address knowledge generation and sharing. The emphasis in this case is on providing access to knowledge or facilitating its transfer among individuals.

For example, companies like British Petroleum, Skandia, Buckman Laboratories and Matsushita strive to create corporate environments that nurture knowledge communities, in order to facilitate the exchange of ideas and collaboration across the organization.

A Roadmap

The question that arises then is: which companies and when, should adopt one or the other approach?

The proper solution is to start from the company’s competitive strategy as a key driver for knowledge management.

The choice of the most appropriate KM approach can then be related to the vital characteristics of a company’s product or service (see Table 2).

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<th>Table 2. KM approach and product and/or service characteristics</th>
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<td><strong>Product / service strategy</strong></td>
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<td>Knowledge as a “Product”</td>
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<tr>
<td>Knowledge as a “Process”</td>
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When the product or service offered by a company is standardised or mature, then the sales process is focused on well-organised tasks and the product knowledge is relatively rigid – thus more easily codified. In such cases, developing a strategy around the “knowledge as a product” approach seems more suitable.

In those cases when the value proposition of the company is based on developing highly customised and/or extremely innovative products or services, adopting a “knowledge as a process” approach that mainly supports the sharing of knowledge, expertise and judgment, seems more appropriate.

Need for a fusion

In the e-commerce world, however, the business trend is towards delivering neither products nor services, but *product-service hybrids*; such hybrids have distinct characteristics:

- their life time is linked to the life of the customer need;
- their major cost element is the cost of design;
- their main revenue model is subscription and user-fees; and
- their marketing objective is building communities of satisfied clients.

Hence the challenge faced by modern firms is to effectively exploit the intangibles that add value to these “offerings”: technical know-how, design of the offering, marketing and presentation, understanding of the customer need, etc., so that they can ‘integrate’ knowledge in their offerings and create new value by designing and developing new offerings.

Although much of this intangible knowledge points to the adoption of the “knowledge as a process” approach, some crucial knowledge leveraging elements (like best practices) still need a “knowledge as a product” view.

So there is a real need for a *balanced fusion* of the two KM views.

Such a fusion should clearly focus on the knowledge assets of the company, link strategic and operational issues in a consistent manner, and enable leveraging the key knowledge assets at various levels of networking, i.e. between individuals, teams and organisations, see Figure 1.

Knowledge assets form the core focal point of such a fusion.

Three types of knowledge assets may be identified:

- **human knowledge assets**, which are the capabilities of a company’s personnel - the “owners” of human assets. As these assets grow the results are: higher concentration of skills in what’s important for the company and increased innovation.

- **structural knowledge assets**, e.g. patents, methods, databases, form the organisational capabilities to meet market requirements.

- **market knowledge assets**, e.g. knowledge about the market, the company’s clients, partners, competitors, etc. Market knowledge assets gauge, evaluate and value the company’s products and services.

In order for these knowledge assets to flourish and grow, a company should develop unique KM strengths in four major areas:
• **strategy**, i.e. the strategic issues of knowledge management, which should be embodied in the company's vision, mission and values.

• **structure**, i.e. the organisational structures required for facilitating knowledge management, e.g. CKOs, knowledge managers, communities-of-practice, etc.;

• **processes**, i.e. the business processes dedicated to knowledge capture, knowledge organisation, knowledge transfer and application of knowledge; and

• **systems**, i.e. all the information and communication technology systems that support knowledge processes.

A coherent KM approach that tackles these areas can assist in truly leveraging corporate knowledge to better achieve organisational efficiency, responsiveness, competency and innovation.

As the KM market enters a second, more mature phase and e-business becomes a clear element in the value proposition of companies, the challenge is to develop and apply holistic approaches that treat Knowledge Management not as an end in itself, but as a means to an end; the end is performing work better, faster and smarter.

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