Overview

Background – IT Performance

Shift to Digital Economy

“K” for “A” for High Performance

Accounting for KM Performance
- Intellectual Capital vs. Financial Capital
- Intellectual Capital & Intangible Assets
- IT and K Performance Assessment Issues
- Knowledge Exchanges and Markets
From Reengineering to “Re-Everything”

OLD

Reengineering
Rationalization
Automation

NEW

e-Customer Focus

“Re-Everything”
Business Model Innovation

Reengineering …IT-intensive Radical Redesign
Rationalization …Streamlining Workflows
Automation …Replacing humans with machines

Shift to Digital

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Until Reengineering…

“Internal” Focus

Optimization-based Efficiencies

- **Rationalization**
- **Automation**
- **Reengineering**
  - “Radical Redesign” of Business Processes

**Risk**
- Low
- High

**Return**
- Low
- High

Shift to Digital
Beyond Reengineering…

**“External” Focus**

**Re-everything**

- **High Risk**
  - Business Model Innovation
  - NEW
  - ‘White Spaces’
  - Virtual Form
  - E-Form
  - Ecosystems
  - Extended Supply Chains…

- **Low Risk**
  - REENGINEERING
    - “Radical Redesign” of Business Processes
  - RATIONALIZATION
  - AUTOMATION

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Beyond Reengineering…

**Low**

**High**

RISK

- **NEW**
  - ‘White Spaces’
  - Virtual Form
  - E-Form
  - Ecosystems
  - Extended Supply Chains…

- **REENGINEERING**
  - “Radical Redesign” of Business Processes

**HIGH RISKS**

**HIGH RETURNS**

‘**e- Agility’ Focus**

Radical Rethinking of the organization and its business

‘**Machine’ Focus**

Shift to Digital
Strategic Context of IT Utilization

‘Old’ Biz
- Machine
- Utilization
- Tangibles
- Prediction
- Structure
- Converge
- Compliance
- Diminishing

Digital
- Ecosystem
- Creation
- Intangibles
- Anticipation
- Edge of Chaos
- Diverge
- Self-Control
- Increasing

Metaphor
- Knowledge
- Assets
- Strategy
- Design
- Role of IT
- Management
- Returns

Shift to Digital

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NATURE OF CONTROL

Knowledge
Utilization

External Controls
for Compliance

Stable and
Predictable
Organizational
Environment

Pre-specification
of rules, procedures and
best practices

Self Controls for
Commitment

Self Control for
Knowledge
Utilization

Wicked’
Organizational
Environment

Self Control for
Knowledge
Creation

‘Machine’ Focus

‘e-Agility’ Focus

Knowledge
Creation

KNOWLEDGE
PROCESS
## Process Focus: BPR to ‘K for A’

<table>
<thead>
<tr>
<th>Level of Change</th>
<th>BPR</th>
<th>‘K’ for ‘A’</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start From</td>
<td>✓ Radical</td>
<td>✓ Radical / Incremental</td>
</tr>
<tr>
<td>Frequency</td>
<td>✓ Clean Slate</td>
<td>✓ Existing Model</td>
</tr>
<tr>
<td>Time Required</td>
<td>✓ One-time</td>
<td>✓ Ongoing</td>
</tr>
<tr>
<td>Participation</td>
<td>✓ Long</td>
<td>✓ Short / Long</td>
</tr>
<tr>
<td>Typical Scope</td>
<td>✓ Top-Down</td>
<td>✓ All Levels</td>
</tr>
<tr>
<td>Risk</td>
<td>✓ X-functional</td>
<td>✓ X-Network</td>
</tr>
<tr>
<td>Primary Enabler</td>
<td>✓ High</td>
<td>✓ High / Critical</td>
</tr>
<tr>
<td>Type of Change</td>
<td>✓ IT</td>
<td>✓ IT / Human Capital</td>
</tr>
</tbody>
</table>

- X: Network
- ✓: High / Critical

- "Re-Everything"
‘KM’ for Performance Breakthroughs

- Focus on performance outcomes of organizational adaptation, survival, and competence
- Embodies organizational knowledge processes
- Seeks synergistic combination of
  - data and information-processing capacity of information technologies, and,
  - creative and innovative capacity of human beings.

"The wise see knowledge and action as one."

-- Stafford Beer, quoted from *Bhagvad-Gita*
KM Technology & Service Architectures

RADICAL DISCONTINUOUS CHANGE

DESIGN FOR AGILITY, FLEXIBILITY AND ADAPTABILITY

INFORMATION-PROCESSING MODEL OF KM

SENSE-MAKING MODEL OF KM

GUIDING FRAMEWORK OF KNOWLEDGE MANAGEMENT

TIGHT EFFICIENCIES OF SCALE & SCOPE

LOOSE AGILITY & FLEXIBILITY

OPTIMIZATION-DRIVEN & EFFICIENCY-ORIENTED

KNOWLEDGE CREATION & KNOWLEDGE RENEWAL

CREATIVE ABRASION & CREATIVE CONFLICT

‘Machine’ Focus

‘K’ for ‘A’

‘e-Agility’ Focus

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Knowledge Management for E-Business Performance

Information Networks + Creativity & Innovation → Knowledge Management → e-Business Performance

Intranets – Internal ‘K’ Management
Extranets – Extended Supply Chain ‘K’ Management
Digital Shift – Economy of ‘K’ Networks sustained by e-Business communities and ecosystems
Intellectual Capital & Financial Capital

- Financial Capital
  - Past
- Market Capital
  - Present
- Human Capital
  - Present
- Process Capital
  - Present
- Renewal & Development Capital
  - Future

KM Performance

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Knowledge Generation

• Information, Knowledge and Actions
  – Based on Experiences, Values, Rules
• Conscious and Intentional Knowledge generation
• Five modes of knowledge generation:
  – Acquisition
  – Dedicated Resources
  – Fusion
  – Adaptation
  – Knowledge Networking

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K Generation – Process or ‘Thing’: Acquisitions

- NIH Syndrome – Other Extreme
- Acquiring other firms, practices, individuals
- Minds more valuable than their creations??
- K and talent – not related to degrees??
- Valuation of companies – difficult!
- Organic connection of K to particular people and environment “stickiness”
Dedicated Resources

• Contrast with ‘renting’ the brains
• R&D, Competency development groups, technology research centers, Xerox PARC
• Stickiness to dedicated centers may pose problems – gap between r&d and execution
Fusion

• ‘Creative Abrasion’ and ‘Creative Conflict’
• Innovation occurs at the boundaries between mind-sets, not within…
• ‘Requisite variety’ and creative chaos
• Redundancy, routine innovation and spillover effects ??
• How often executives question ‘what they know’?
Adaptation

- Self-organizing and CASs
- Success traps and the winner’s curse
- Learning and unlearning – organizations
- “Why fix when it ain’t broken!”
- Anticipation of surprise – proactive change
- Developing Requisite Variety – openness to learning, change and adaptation
Networks

- Informal, self-organizing networks
- Communities of knowers, COPs
- Formal networks versus informal networks?
- Teams versus Communities of practice??
- Informal knowledge sharing – how to enable it – role of technologies and of other factors… (Hoeschst example)
From Information to Knowledge

• Knowledge, Information, Data
• K versus I; KM versus IM ??
• Tacit Knowledge and Explicit Knowledge??
• Relate to Change… SR – UN ??
• Information and Noise ?? Construction of Meaning versus Processing of Information
• Too much data… too little wisdom
Myths About Knowledge Management
Information vs. Knowledge

- MYTH: KM technologies deliver the right information to the right person at the right time
- MYTH: KM technologies can store human intelligence and experience
- MYTH: KM technologies can distribute human intelligence

“Knowledge management is in danger of being perceived as so seamlessly entwined with technology that its true critical success factors will be lost in the pleasing hum of servers, software and pipes.”

-- Does KM=IT?, CIO Magazine, Sep. 15, 1999
Beyond Information Flow to K Flow

• HP – Moving its ‘best practices’
• Tacit Knowledge and Explicit Knowledge
• Subjective Tacit Knowledge (based on experience) to Objective Explicit Knowledge ???? - RS - NU
• Three fundamental steps: ??
  – K Acquisition
  – K Sharing
  – K Utilization
Professional Intellect: Know What to Care Why

- ‘Care-Why’ – W - Insights
- ‘Know-Why’ – K - Expertise
- ‘Know-How’ – I - Experience
- ‘Know-What’ – Data – ‘Bookish knowledge’
- Motivation, commitment, intrinsic nature of K-W
Knowledge Utilization

- Telephone as role model of KMS???
- Of Telephones and CrossPads….
- Supporting Informal Knowledge – Amazon
- Perils of Excessive Formalization – RS / NU ??
Differences: Data Warehouses and KMS

- Types of Information Managed
- Context
- Size
- Content Focus
- Performance
- Networks
Differences: KMS, Intranet and Extranet

• Content Focus
• Performance
• Broader Base (confusion: BI and DA)
• Reciprocity – How to develop? Silver bullets?
• Is this one the silver bullet?
How Companies Learn to Learn

• Knowledge-Friendly Companies
• Knowledge-Sharing Companies
• Is Your Company Ready for KM?
  – Performance gaps
  – Metrics
  – Corporate Culture
  – Knowledge Champions
  – Strategic Alignment Of 4Cs and 5Cs!