



# Overview

## Background – IT Performance

## Shift to Digital Economy

## “K” for “A” for High Performance

Measurement of Knowledge Management 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**

**NEW**

**Technology Focus**

**e-Customer Focus**

**Reengineering**



**Rationalization**



**Automation**



**“Re-Everything”  
Business Model Innovation**

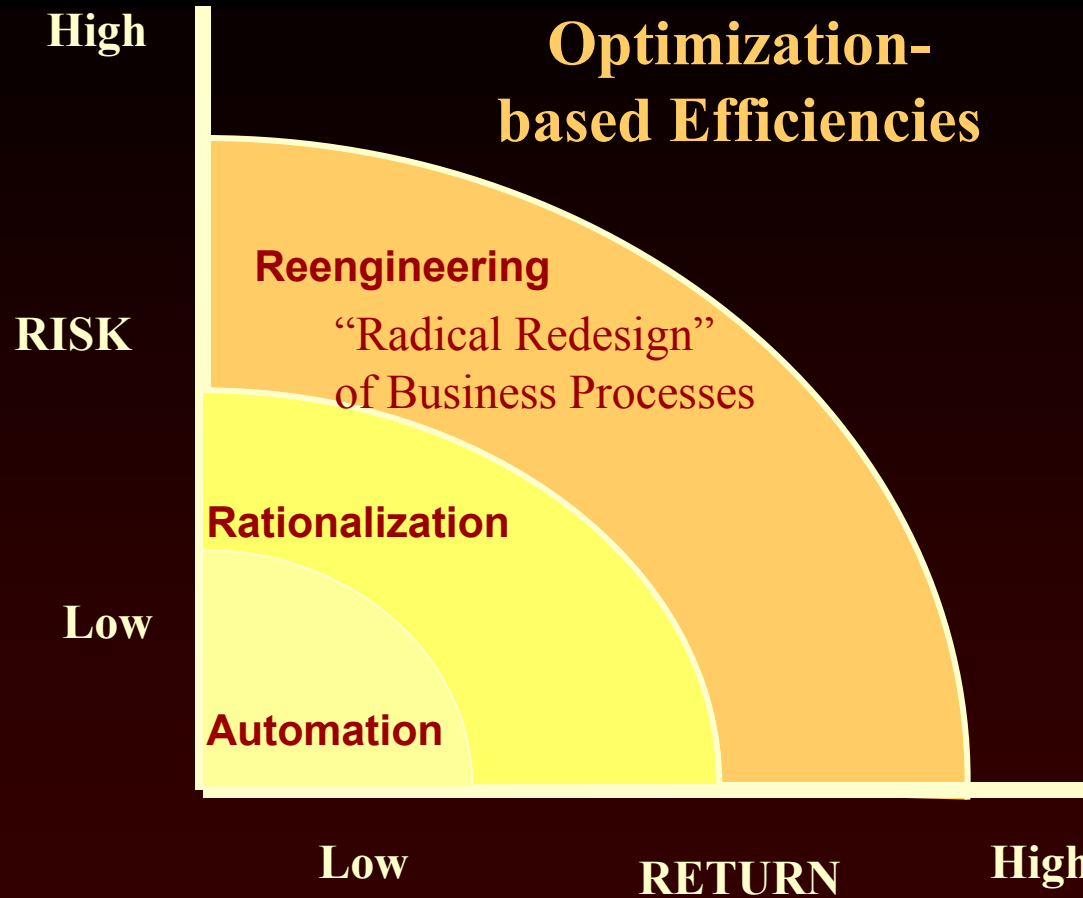
**Reengineering ...IT-intensive Radical Redesign**

**Rationalization ...Streamlining Workflows**

**Automation ...Replacing humans with machines**

# Until Reengineering...

## “Internal” Focus



# Beyond Reengineering...

**“External” Focus**

High

**Business Model  
Innovation**

**NEW**

**Re-everything**

‘White Spaces’  
Virtual Form  
E-Form  
Ecosystems  
Extended Supply  
Chains...

RISK

**REENGINEERING**

“Radical Redesign”  
of Business Processes

**RATIONALIZATION**

Low

**AUTOMATION**

Low

**RETURN**

High



# Beyond Reengineering...



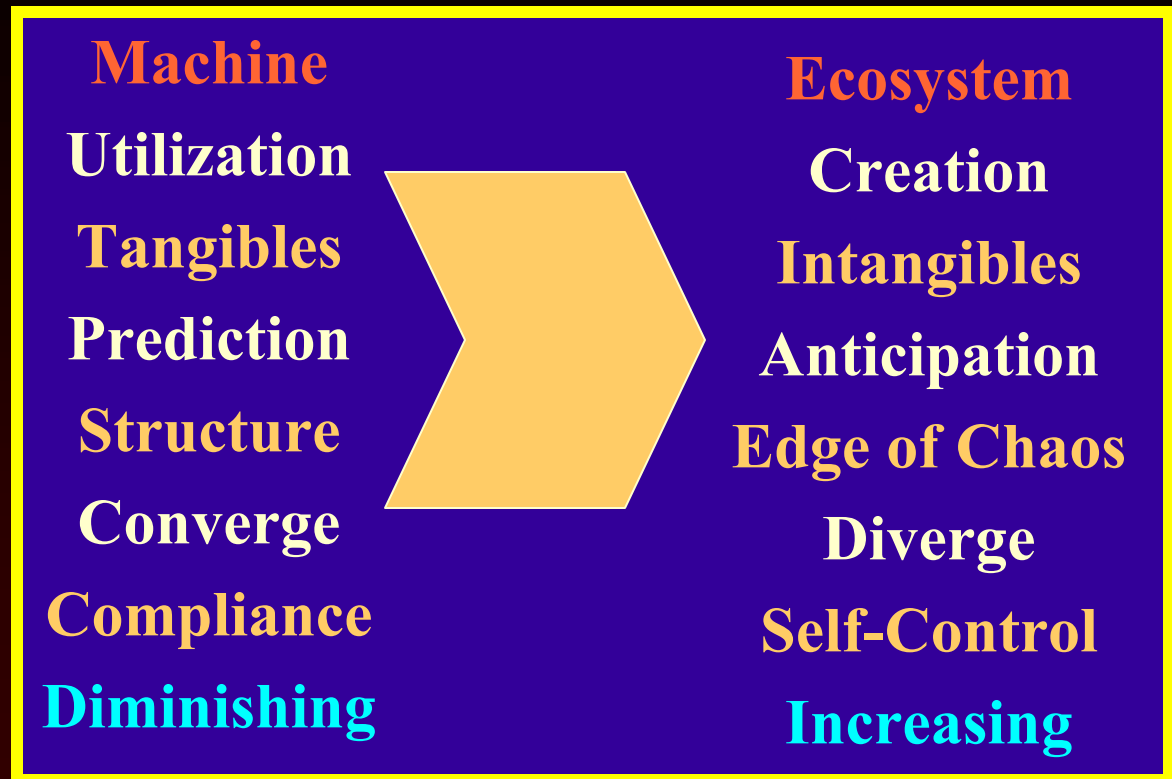
# Strategic Context of IT Utilization



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

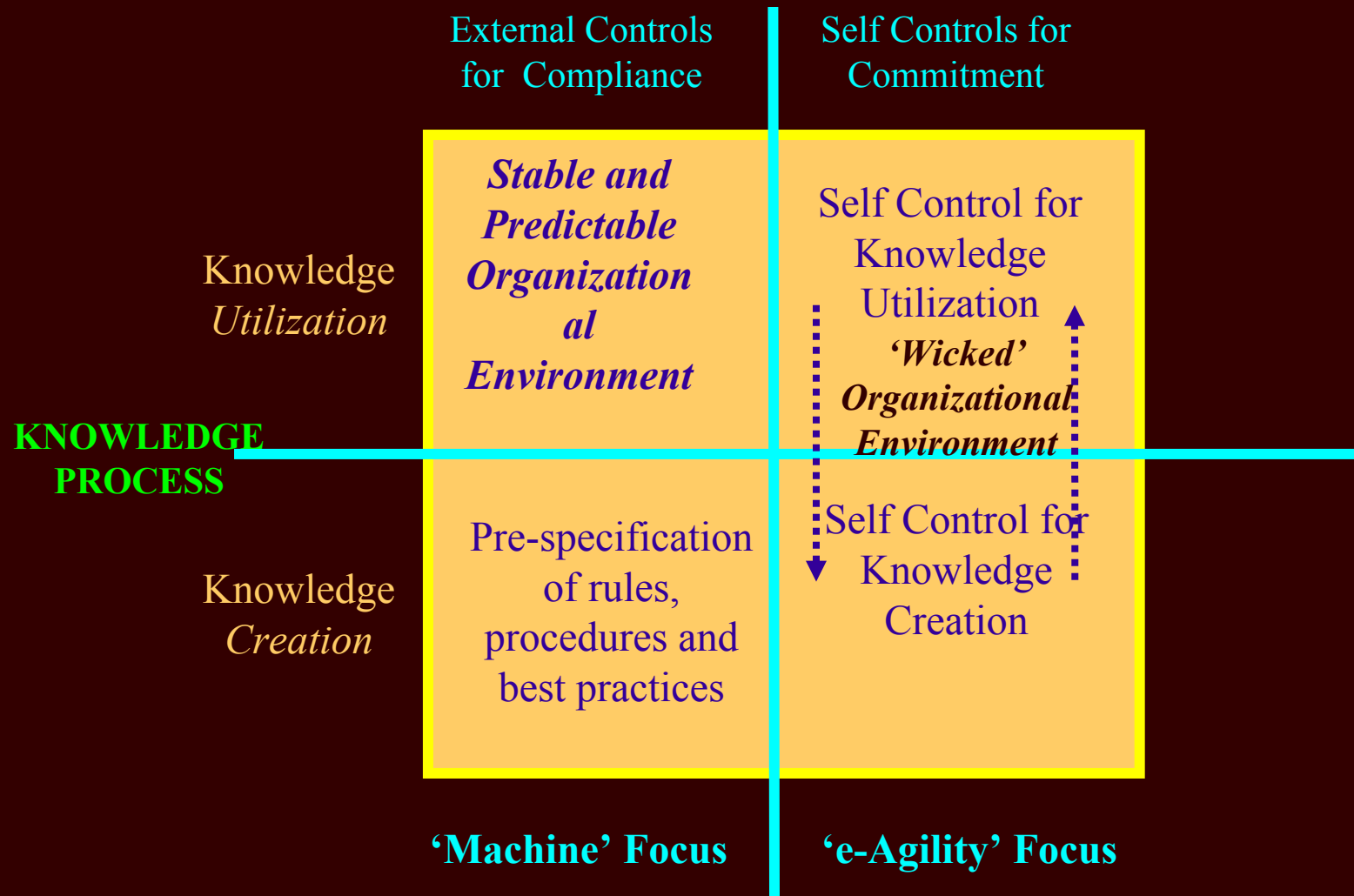
**'Old' Biz**

**Digital**





### NATURE OF CONTROL



## Process Focus: BPR to 'K for A'

Level of Change

Start From

Frequency

Time Required

Participation

Typical Scope

Risk

Primary Enabler

Type of Change

BPR

✓ Radical

✓ Clean Slate

✓ One-time

✓ Long

✓ Top-Down

✓ X-functional

✓ High

✓ IT

✓ Culture/Structure

'K' for 'A'

✓ Radical / Incremental

✓ Existing Model

✓ Ongoing

✓ Short / Long

✓ All Levels

✓ X-Network

✓ High / **Critical**

✓ IT / Human Capital

✓ "Re-Everything"



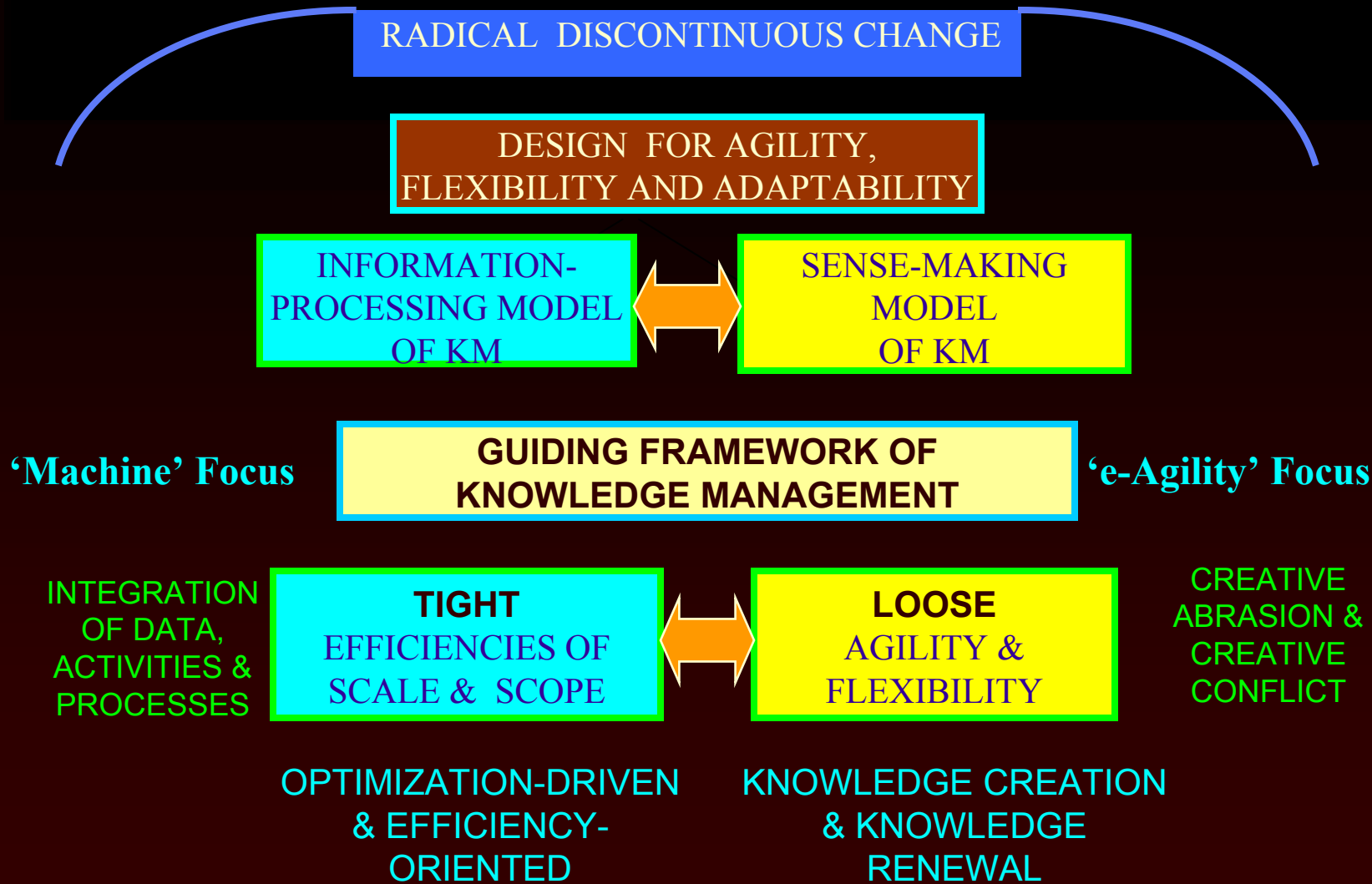
## 'KM' for Performance Breakthroughs

- 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.
- Generalizable to B2C, B2B, B2E, C2C, P2P, ...

"The wise see knowledge and action as one."

-- Stafford Beer, quoted from *Bhagvad-Gita*

# KM Technology & Service Architectures



# Knowledge Management for E-Business Performance

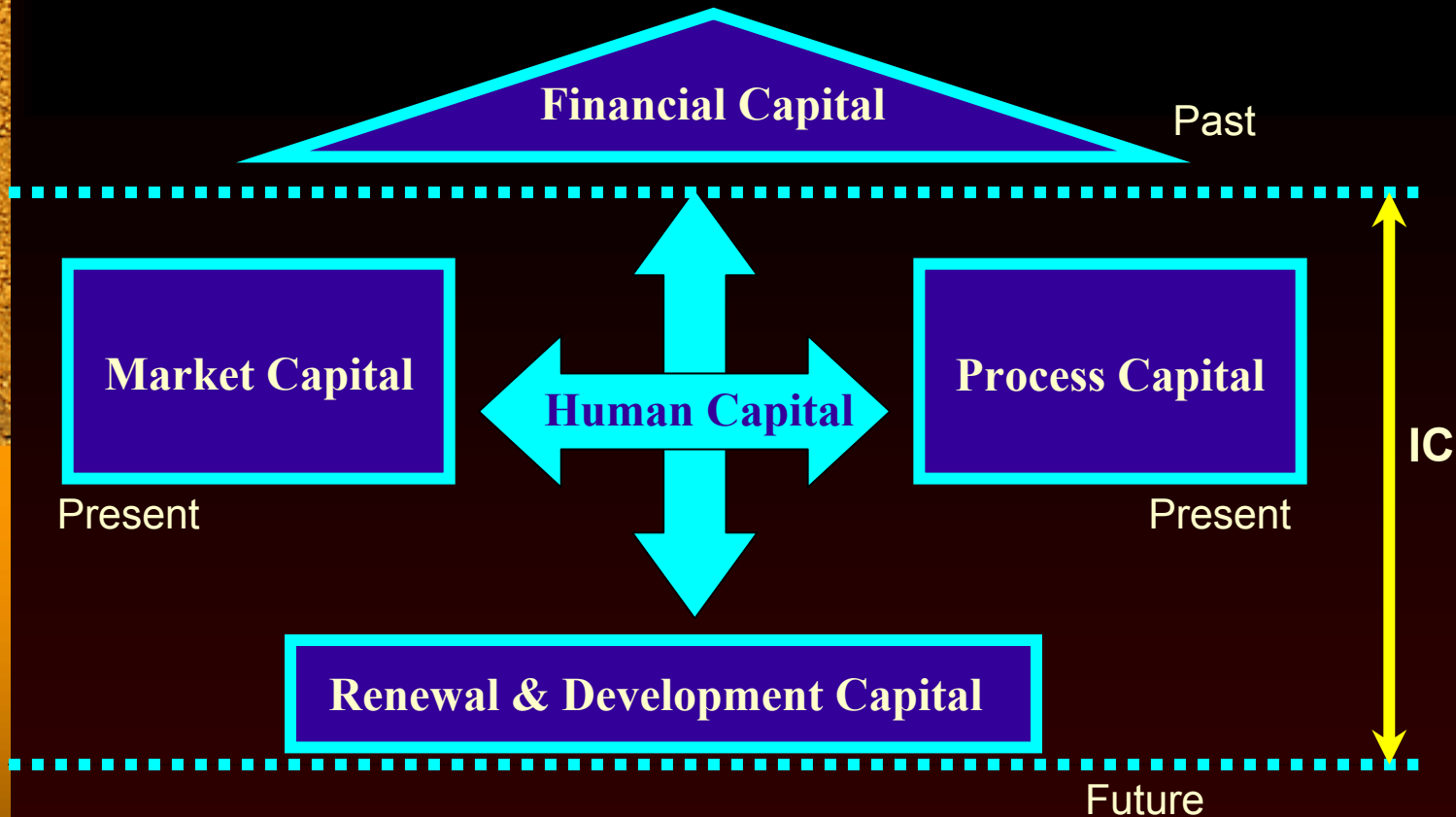


Intranets – Internal ‘K’ Management

Extranets – Extended Supply Chain ‘K’ Management

Digital Shift – Economy of ‘K’ Networks sustained  
by e-Business communities and ecosystems

# Intellectual Capital & Financial Capital



# Knowledge Generation

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



## 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!