Implementation of knowledge management in organizations pdf

Implementation of organizational change is a difficult task, but it is often necessary. Various reasons may lead to the need for organizational change, such as closures, mergers, or the introduction of new financial systems or software. Whatever the root cause, changes must be implemented effectively to be successful. Poor communication is often the cause of many organizational problems. Therefore, changes can be effectively implemented through communication as the main tool. Tell employees the reason for the change. Employees are often unaware of the details of the organization.5 per mingly. To increase their acceptance of changes, tell them why changes and relevant results are needed. Also, avoid using cliches such as the desire of the organization to be the most trend-setting ever. Even if the cliche is catchy, it can't give employees a rational idea that changing the o. Explain the changes with visual effects. Telling employees about the change doesn't always give them a vivid mental picture of change. Visual aids, such as diagrams and images, can highlight the organizational structure you implement. Consider examples of other companies that may have used a similar structure that you implement. Take pictures or, if possible, use the published clips to show how these organizations function. Refrain from making photos difficult to understand. Give employees enough time to get used to the new concept. Make a plan that shows employees how they will go from one point to another. Management may not need a plan to arrive at their destination; however, staff should be informed of how they will do so there. They should not have details such as specifically when the merger will take place. They just need to know their role in the transition. Listen to the feedback from your staff. It is difficult to communicate and implement changes effectively if management is not sensitive to comments or concerns of staff. If this change is disappointing among staff, allow them to make a reasonable difference. They may have justifiable reasons that may lead to new ideas or solutions that management has not thought about. Listening to feedback from employees also helps management learn how employees feel. Management boards should always approach implementation with diplomacy and positive attitude, even if the change is non-negotiable. It is very important that employees do not feel forced to do so. How your company reveals its experience and the brightest? Choosing the wrong knowledge management strategy can severely limit the power of these best performers. To avoid this fate, let your competitive strategy drive your management strategy. Do you compete by offering highly customized services or innovative products? If so, emphasize personalization - sharing expert knowledge through personal contact. At Hewlett-Packard, employees often travel to HP offices to discuss complex product ideas with colleagues. Or are you competing by providing superior solutions to common problems or offering low-cost, custom-made products? If so, then knowledge management is primarily by codifying - storing it in databases where employees can access and often reuse it. Dell, for example, supports the electronic repository of computer components and their specific configurations. Customers use it for 30 orders, suppliers to fill orders. Idea in Practice Choice Knowledge Management Strategy Choose Personalization if: Your business strategy depends on product innovation. You create value for customers by solving unique problems that don't have a clear solution from the start. The same knowledge cannot be applied to different types of problems. You offer highly customized products or services to meet the unique needs of specific customers. Your people rely on tacit (not easily codified) knowledge such as scientific expertise and industry ideas to do their job. Example: Memorial Sloan-Kettering Cancer Center has chosen a from people to people knowledge management strategy to create 17 disease-specific groups. Teams meet weekly in specific areas of the hospital to discuss scientific initiatives, clinical outcomes, patient care, and ongoing research. Result? High-quality individual consultations and treatment of patients. Choose codification if your business strategy is based on mature offerings. You create value for customers by dealing with similar problems over and over again. Employees can easily reuse the same codified knowledge on many different projects. You offer standardized products or services. Your people rely on explicit (easily codified) knowledge, such as simple code or market data for work. Example: Ernst and Young, a consulting firm, has decided to codify from people to documents that would allow consultants to access vital information. It removes confidential customer information from documents prepared by consultants during liabilities. He then keeps key pieces of knowledge - interview guides, work schedules, market analysis - in electronic storage. Consultants receive codified knowledge without having to contact the person who initiated it. Codification allows Ernst and Young to quickly close sales, reduce costs and fees and accelerate growth by taking on more By investing in a knowledge management strategy once you have chosen a knowledge management strategy, invest in the right technological and human resources to support your choices. Example: Consulting firm Bain, which uses largely in the creation of networks of people. It encourages consultants to share knowledge through face-to-face conversations, phone calls, emails and video conferencing. He transfers people between offices and encourages people to quickly call back from colleagues. He creates directories of experts and has consulting directors assemble project teams. He also hires innovators - graduates of the highest level of MBA, who apply their analytical and creative skills to unique business problems. At the same time, to support Ernst and Young's codification strategy, 250 people manage the consulting firm's electronic storage and help consultants find and use information. Experts write reports and analyze who use groups. In each area of practice, there is an employee who helps to codify and store documents, as well as a database of network links. The strategy also allows the company to hire less expensive executives - students from leading universities who use the knowledge management repository to work on scenarios designed to improve business processes. Knowledge management is nothing new. For hundreds of years, the owners of family enterprises passed on their commercial wisdom to their children, the masters painstakingly taught their professions to students, and workers exchanged ideas and know-how at work. But it wasn't until the 1990s that managers started talking about knowledge management. As the foundations of industrialized countries have shifted from natural resources to intellectual assets, managers have been forced to learn the knowledge underlying their business and how that knowledge is used. At the same time, the growth of network computers has made it possible to codify, store and share certain types of knowledge more easily and cheaper than ever before. Because knowledge management as a conscious practice is so young, managers do not have successful models that they can use as guidance. To fill this gap, we have recently studied the practice of managing the knowledge of companies in several industries. We started by looking for management consulting firms. Since knowledge is a key asset of consulting companies, they were among the first companies to pay attention to this and make a great investment in knowledge management. They are also among the first to actively explore the use of information technology to capture and disseminate knowledge. Their experience, which is relevant to any company that depends on smart people and the flow of ideas, gives a window on what works and what doesn't. Consultants, as we have found out, do not have a unified approach to knowledge management. The consulting business uses two very different knowledge management strategies. In some companies, the strategy is focused on the computer. Knowledge is carefully codified and databases where they can be accessed and used anyone in the company. We call it a codification strategy. In other companies, knowledge is closely related to the person who developed it, and shares it mainly through direct contact between people. The main purpose of computers in such companies is to help people pass on knowledge, not store it. We call it a personalization strategy. Choosing a company strategy is far from arbitrary - it depends on how the company serves its customers, the economy of its business and the people it hires. Highlighting the wrong strategy or trying to pursue as much at the same time can, as some consulting firms have found, quickly undermine the business. These two strategies are not unique to consulting. When we went beyond this business and analyzed computer companies and health care providers, we found the same two strategies at work. In fact, we believe that the choice between codification and personalization is central to what virtually all knowledge management companies face. Better understanding of two strategies and their strengths and weaknesses, CEOs will be able to make better decisions about knowledge management and their investments in them. Codification or personalization? Some large consulting companies, such as Andersen Consulting and Ernst and Young, are implementing a codification strategy. Over the past five years, they have developed complex ways to codify, store, and reuse knowledge. Knowledge is codified by the approach from people to documents: they are extracted from the person who developed them, made independent of that person and reused for various purposes. Ralph Poole, director of Ernst's Young's Center for Business Knowledge, describes it this way: After removing sensitive information, we develop knowledge objects by pulling out key knowledge, such as interview guides, work schedules, basic data and market segmentation analysis from documents and storing them in electronic storage for use by people. This approach allows many people to search for and obtain codified knowledge without having to connect with the person who originally developed it. This opens up opportunities to achieve scale in reusing knowledge and thus for business development. The codification strategy opens up the possibility of scaling up the reuse of knowledge and thus business development. Take, for example, Randall Love, a partner in Ernst Young's Los Angeles office. Love was preparing an important application for a major industrial producer who needed help installing the company's resource planning system. He has already led projects to introduce information systems for several manufacturers in other industries, but has not yet worked on manufacturing industry. He knew the other Ernst and the young team, however, so he sought Knowledge management repository for relevant knowledge. To help with the sales process, he found and used several industry presentations - documents containing previously developed solutions, as well as value offers that helped him estimate how much money the customer would save by implementing the system. Due to the fact that Love reused this material, Ernst Young won the project and closed the sale for two months instead of the typical four-six. In addition, his team found software documents, specifications, training materials, and change management documentation in the repository. Because these documents were available, Love and his team didn't have to take the time to track down and talk to the people who first developed them. The codification of such knowledge saved the team and the client for one full year of work. The leaders of Ernst and Young have invested a lot of money to make sure that the codification process works effectively. The 250 employees of the Business Knowledge Center manage the electronic repository and help consultants find and use the information. Experts write reports and analyses that many teams can use. And in each of Ernst's Young's more than 40 practice areas, there is an employee who helps me codify and store documents. The resulting databases of areas are connected through the network. Naturally, from person to document is not the only way in which consultants from firms such as Ernst and Young and Andersen Consulting share knowledge - they certainly talk to each other. What is striking, however, is the emphasis they place on codification strategies. In contrast, strategic consulting firms such as Bain, Boston Consulting Group and McKinsey emphasize personalization strategy. They focus on dialogue between people, not on the objects of knowledge in the database. Knowledge that has not been codified and probably cannot be transmitted during brainstorming and one-on-one conversations. Consultants collectively come to a deeper understanding by delving into the problems they need to address. Marcia Blenco, for example, a partner in Bain's London office, had to address the complex strategy issue for a major British financial institution. The customer wanted Bain to help him expand by offering new products and services. The task required geographical and product experience, a broad understanding of the industry and a large dose of creative thinking. Blenco, who has been with Bain for 12 years, has known several partners with experience relevant to this particular problem. She left voicemails with them and checked Bain's database to search for people to get more contacts. Eventually, she contacted nine partners and several managers who developed growth strategies for financial services institutions. She is with a group of them in Europe, there were video conferences with others from Singapore and Sydney, and a quick trip to Boston to attend a meeting of financial services practices. Some of these colleagues became permanent consultants on the project, and one of the Asian leaders was appointed full-time to the investigation team. Over the next four months, Blenco and her team regularly consulted with expert partners at meetings, as well as through phone calls and emails. In developing a unique growth strategy, the team used a worldwide network of peer experiences. As consulting firms manage their knowledge to make their personalization strategies work, firms like Bain invest heavily in building people's networks. Knowledge is shared not only face to face, but also by phone, email and videoconference. McKinsey promotes networking in a variety of ways: by moving people between offices; Supporting a culture in which consultants must make quick phone calls from colleagues; Creating expert catalogues and with the help of consultants at the firm to assist project teams. These firms have also developed electronic document systems, but the purpose of these systems is not to provide objects of expertise. Instead, consultants scan documents to get up to speed in a particular area and find out who did the work on the topic. Then they approach these people directly. When we initially looked at how consulting companies manage knowledge, we found that they all used both codification and personalization approaches. However, when we dug deeper, we found that effective firms succeeded by focusing on one strategy and using the other as a supporting role. They did not try to use both approaches equally. Different strategies, different drivers of the company's knowledge management strategy should reflect its competitive strategy: how it creates value for customers, how this value supports the economic model, and how the company's employees provide value and economics. The company's knowledge management strategy should reconfigure its competitive strategy. Creating value for customers. Randall Love's approach to the introduction of the information system is typical for consulting companies, where the effective reuse of codified knowledge is important because they deal with similar problems over and over again. In such firms, the offer of services is very clear: the client wins because consultants can build a reliable, high-quality information system faster and at a better price than others, using work plans, code and solutions that have been refined and have proven successful. This does not mean that the process works on an automatic pilot. It's like building with Lego blocks: consultants reuse bricks when applying your skills to build something new. Strategic consulting firms offer clients a completely different kind of value. Consultants such as Blenco solves problems that have no clear solutions from the very beginning. They seek advice from colleagues to deepen their understanding of the problems, but in the end they must create a very individual solution to a unique problem. Because their clients' problems are complex and of a kind, consultants can charge high fees for their services. Turning the profits. Companies that follow codification strategies rely on the reuse economy. Once, for example, knowledge assets are developed and paid for, software code or manual, it can be used many times at a very low price, provided it does not need to be significantly modified every time it is used. Because knowledge is contained in electronic repositories, it can be used in many positions by many consultants. Many consultants can be appointed for the project; large projects will have a high ratio of consultants to partners. For example, there are more than 30 consultants for each Andersen Consulting partner. Reusing knowledge saves work, reduces communication costs, and allows the company to carry out more projects. As a result, firms such as Andersen Consulting and Ernst s Young have been able to grow at a rate of 20% or more in recent years. For example, Ernst's Young's worldwide consulting revenues increased from $1.5 billion in 1995 to $2.7 billion in 1997. The personalization strategy, on the other hand, is based on the logic of the expert economy. Strategic consulting firms offer their clients advice that are rich in tacit knowledge. The process of sharing deep knowledge takes a long time, expensive and slow. It can't really be systematic, so it can't be effective. This means, first of all, that the ratio of consultants to partners in these firms is relatively low - for each McKinsey and Bain partner there are approximately seven consultants. And secondly, it means that it is difficult to hire many new consultants in a short period because every new person needs so much one-on-one training. For these two reasons, the strategies of consulting firms find it difficult to grow rapidly without compromising the individual approach. However, their highly tuned offerings allow them to charge much higher prices than firms offering more standardized services can. For example, in 1997, McKinsey's daily consultant fees averaged more than $2,000; Andersen Consulting had just over $600. Managing people. Unsurprisingly, these two types of firms hire different people and train and reward them in different ways. Ernst Young and Andersen Consulting hire students from leading universities and teach them how to develop and implement change programs and information systems. Andersen is trained at the firm's Center for Vocational Education, a 150-acre campus in St. Charles, Illinois. Using the knowledge, knowledge, and knowledge repository work on scenarios designed to improve business processes. They are tools, not inventors; not invented here the attitude has no place in the reuse of the firm. McKinsey, BCG and Bain hire top-level M.B.A. graduates as inventors, i.e. use their analytical and creative skills to solve unique business challenges. These firms also want people who can effectively use the approach to sharing knowledge between people. To be sure of getting people with such a combination of skills, they type with extreme caution. Partners and senior advisers interview the candidate six to eight times before making a job offer. In Bain, 1 in 60 applicants receives an offer. Once on board, their most important training comes from working with experienced consultants who act as mentors. From healthcare to high technology, codification and personalization strategies do not apply only to the consulting world. We have found that health care providers and computer manufacturers also need to choose a knowledge management approach that meets their needs and goals. Access Health, the call center, uses a reuse model. When someone calls the center, a registered nurse uses the company's clinical decision architecture to assess the caller's symptoms, excludes possible conditions and recommends a home remedy, a doctor's visit or a trip to the emergency room. The Knowledge Warehouse contains algorithms for symptoms of more than 500 diseases. CEO Joseph Tallman describes the company's strategy: We are not inventing a new way to treat diseases. We use the knowledge and invent processes to make better use of it. Access Health is a prime example of the benefits of reusing codified knowledge - in this case, software algorithms. The company has spent a lot on developing these algorithms, but it has been paid back generously for its investments. The first 300 algorithms developed by Access Health were used an average of 8,000 times a year. This level of reuse allows you to charge low prices per call. In turn, the company's paid customers - insurance companies and suppliers - save money because many subscribers would make expensive trips to the emergency room or the doctor's office when they could make a phone call. Contrast Access Health's reuse strategy with a highly developed personalization model used at Memorial Sloan-Kettering Cancer Center in New York City. The center provides the best, most individual consultations and treatment of cancer patients. Many experts are consulted in each patient's case, and the management of expert cooperation, in fact, manages the knowledge of the center. Dr. James (James Dougherty), the company's chief medical officer, describes this collaboration as follows: We coordinate intensive face-to-face communication to ensure that between researchers and clinicians and between different types of clinicians. Employees work together in 17 specific teams. For example, the breast cancer team employs 40 specialists: medical oncologists, surgeons, radiation therapists, psychologists and others, as well as a core of fundamental scientists. To make communication between the person easy, all the team members are in the same area of the hospital. Each team has several face-to-face meetings a week that everyone attends. The meetings cover key scientific initiatives, clinical outcomes, patient care and ongoing research. The centre's human resources policy is aligned with the knowledge management strategy. The best cancer clinicians are attracted by modern Memorial Sloan-Kettering technology and excellent reputation. These clinicians are highly paid - most receive salaries that put them at ninety-fifths of a percent or higher compared to their counterparts at other educational institutions. The center hires doctors from two pools of candidates. Younger people are hired from the best university residency programs and are trained as fellows. The best guys move into the pyramid up or out of the system. The center also hires senior, nationally recognized doctors who often bring teams of people with them. It's hard to imagine two business models in the same industry as different as Access Health and Memorial Sloan-Kettering. However, both assess the symptoms of patients and make recommendations for their care, and both are very successful. By providing reliable services at a low price, Access Health has captured 50% of the call center market and is growing at 40% per year. One insurer, using his services, saw that his admission to the emergency room fell by 15%, and visiting the doctor's office by 11%. For its part, Memorial Sloan-Kettering is consistently one of the leading research and treatment institutions in the country. Medicine, as well as management consulting and other services, is built on unique knowledge. However, these two knowledge management models are also used in the industrial sector. Consider the very different approaches adopted by two computer companies, Dell and Hewlett-Packard. Dell's competitive strategy is to build low-cost PCs that are made to order and sell them directly to customers. Behind this business model is a complex knowledge management system. Dell has invested heavily in an electronic repository containing a list of available components. The system manages the work: customers choose configurations from the menu, suppliers provide components based on their orders, and production receives orders from the system and assembly schedule. Dell does not deliver high-tuned orders, and this significantly increases the prices of orders with special components. Dell needs to invest a lot ahead of it, identify and specify configurations, but investment pays off due to the reuse of knowledge. In 1997, Dell shipped 11 million PCs. These systems were created from 40,000 possible configurations (competitors usually only offer about 100 configurations), which means that each configuration was used an average of 275 times. This level of reuse allows Dell to lower its costs and charge less than its competitors. Partly due to the knowledge reuse model, Dell's net profit for 1997 was $944 million with sales of $12.3 billion; The company's revenue has grown by 83% per year over the past four years. Hewlett-Packard, on the other hand, uses a personalization approach to support its business strategy, which is to develop innovative products. For this strategy to succeed, technical knowledge must be passed on to product development teams in a timely manner. The company directs such knowledge through such exchanges between people. For example, engineers regularly use one of the company's aircraft to visit other units and exchange ideas about possible new products. Instead of limiting travel budgets, managers encourage such travel. Each employee has access to corporate planes that travel daily between HP offices. It is noteworthy that the company manages effective knowledge exchange between people, despite its size: with 120,000 employees HP is overshadowed by the largest consulting company Andersen Consulting, which employs about 60,000 people. Let's look at this example. The HP team recently developed a very successful electronic oscilloscope with the operating system and Windows interface. Managers wanted to make sure that other units understood and used the interface. To keep the transfer costs low, they considered codifying the acquired know-how. They realized, however, that the knowledge they wanted to capture was too rich and subtle to be included in the written record. And they understood that writing answers to many of the questions that would come from HP would take an extraordinary amount of time. So they took personal approaches and sent engineers from product development teams to meetings in offices around the world and to conferences across the company. Management's decision is not cheap: according to one estimate, the company spent $1 million only on communications costs in the process. But the investment paid off as the interface gained widespread acceptance throughout the company. In all the companies and institutions we have reviewed, managers have chosen a clear knowledge management strategy. Although their approaches differed somewhat, there was a common pattern between them. Those who implement a strategy of assembling on-order products or services emphasize codification and reuse of knowledge. who pursued highly tuned service offerings, or product innovation strategy, invested mainly in the exchange of knowledge between people. You don't have to. As we have already said, companies that use knowledge effectively pursue one strategy predominantly and use the second strategy to support the former. We think of it as a split of 80 to 20: 80% of their knowledge sharing follows one strategy, 20% another. Leaders who try to succeed in both strategies run the risk of failing in both. Management consulting firms had serious problems when they failed to follow a single approach. The strategy of the consulting firms we studied all came to grief with document managed systems. Consultants tended to use systems to provide standardized solutions, but their clients paid for highly skilled services. When the systems were misused, customers became dissatisfied. The strategy of the consulting firms we studied all came to grief with document managed systems. As the CEO of a large American company told us: I have been using a specific consulting company for more than a decade. One of the main reasons I have used them so regularly is because they have an in-depth knowledge of my company and our industry. The partners of the firm who worked with me also know my style and my strengths and weaknesses. The advice I received from them was sensitive to our unique needs. Lately, however, I've found that they're trying to push cookie cutter making. It's almost as if they're just changing names on the same set of presentations. While some of their tips is helpful, I'm not sure if that's enough. Frankly, I expect more and they are sure as hell have not lowered their rates. Another consulting firm, Bain, has learned a hard lesson on how to rely on documents. In the 1980s, before electronic document systems became fashionable, Bain managers developed a large paper document center at its Boston headquarters; he kept slide books containing camouflaged presentations, analyses, and information about various industries. The purpose of the library was to help consultants learn from past work without having to contact the teams that have done the work. But, as one of the partners noted, the center offered a picture of the cake without giving out a recipe. Documents cannot convey the wealth of knowledge or logic that has been used to achieve solutions that understanding must be passed from one person to another. Bain's management eventually developed a completely new system, but the failed approach wasted time and money. People need incentives to participate in the knowledge-sharing process. Two knowledge management strategies require different incentive systems. In the codification model, managers need to develop a system that encourages people to write down what they know and by bringing these documents into electronic And in order to get people to take these steps, real incentives are needed, not small temptations. In fact, the level and quality of employees to the database of documents should be part of their annual performance reviews. Ernst Young, for example, does just that. In assessing performance, consultants are evaluated on five aspects, one of which is their contribution to the use and use of the company's assets. Incentives to encourage knowledge sharing should be very different in companies that follow the personalization approach. Managers should reward people for sharing knowledge directly with others. At Bain, partners are evaluated annually on various aspects, including how much direct assistance they have given to their colleagues. The degree of quality dialogue between people, which the partner conducts with others, can account for up to one quarter of his annual compensation. Other strategic consulting companies report various problems with electronic document systems. For example, after the subject matter experts of one firm provided documents to electronic libraries, they were flooded with callers asking the most basic questions. The two companies we studied have abandoned their investments in electronic knowledge databases; their existing databases are used simply to connect people. Similarly, firms that rely on codification are reinvesting in systems from person to person. When they reinvest in this way, they undermine their value proposition-reliable systems at reasonable prices, as well as the reuse economy. This is because their people may feel encouraged to develop a new solution to the problem, even if a perfectly good solution already exists in the electronic repository. Unnecessary innovations are expensive: programming and then debugging new software, for example, eats up a lot of resources. And the exchange of knowledge between a person includes an expensive journey and the time of the meeting; these costs dilute the advantage that is created by reusing codified knowledge. Companies that cross two strategies can also find themselves with a cumbersome mix of people. The presence of both inventors and performers, rubbing elbows, can be deadly. The fall of the CSC Index, the consulting company that invented the reintroducinator concept in the early 1990s, underscores how serious the problem can be. The founders of what was originally known simply as Index had extensive experience in IT systems. Success with reingenering, however, catapulted the company into the overall management arena. She then tried to use her newfound access to the CEO by actively hiring senior consultants from established strategy consulting firms. She also started recruiting M.B.A.s from leading business schools. Soon the firm had two populations: an old guard that focused on IT systems and had strong skills and a new guard who focused on corporate strategy and had strong conceptual skills. How reining became a commodity business later in the some of the old guards recognized the need to standardize their methods and create more reusable knowledge. But members of the new Guard had little interest in working on commodity-like reinginator projects. They joined the firm because they wanted to work on the best strategy issues. The level of IT support a company needs depends on choosing a knowledge management strategy. High IT support is critical to the codification model; This is much less important for the personalization model. Managers, implementing the first, should be ready to spend a lot of money on large, complex electronic repository systems. Andersen Consulting, for example, has developed its own search engines. Ernst Young established a hierarchy of databases. At the top are elite databases that are limited in size and contain the best knowledge on a particular topic. Next, there will be large databases containing specific objects of knowledge; Finally, there are many more holding tanks for all kinds of other materials. Over the past few years, Andersen Consulting and Ernst Young have each spent over $500 million on IT and people to support their knowledge management strategies. On a much smaller scale, Access Health initially invested $16 million in its knowledge management system, when its revenue was modest $20 million; it later spent another $40 million on the system to have enough scale to generate $100 million in revenue. These two knowledge management strategies require different IT infrastructures as well as different levels of support. In the codification model, managers need to implement a system that is much like a traditional library - it should contain a large cache of documents and include search engines that allow people to find and use the necessary documents. In the personalization model, it is most important to have a system that allows people to find other people. As a result of this collision, the CSC Index was unable to keep up with competitors like Andersen Consulting and Ernst Young, who used a reuse strategy to deliver reininator projects more reliably and at a lower price. The firm also does not have enough depth in strategy consulting to compete with the likes of McKinsey, BCG, and Bain. In a market that grew by 20% per year from 1994 to 1996, CSC Index's annual revenue fell from $200 million to about $150 million. While it is important to avoid cross-border, exclusive attention to one strategy is also unreasonable. Companies pursuing a personalization model should have a modest electronic document system that supports people in two ways: providing background material on the topic and pointing them to experts who can additional consultations. As Mark Horwitch, Bain's partner, explains, information in firms, firms, the approach is used as a contribution to the analytical process, not as a result. Companies that primarily adhere to the reuse model will want about 20% of their knowledge sharing to be in person. So they will have to pay to bring some people in company together for meetings. They should encourage the intensive use of e-mail and e-discussion forums. Such personal communication is necessary to ensure that documents are not applied blindly to situations for which they are ill-suited. Choosing the right strategy Competitive strategy should manage your knowledge management strategy. Managers should be able to articulate why customers buy the company's products or services, not from its competitors. What value do customers expect from the company? How does the knowledge that is in the company add value to customers? If a company does not have clear answers to these questions, it should not try to choose a knowledge management strategy because it can easily make bad choices. Assuming that the competitive strategy is clear, managers will want to consider three more issues that can help them choose a primary knowledge management strategy. While the consequences of the answers may seem obvious, it is important that managers clearly work out between their company's competitive strategy and how they use knowledge to support it. Do you offer standardized or customized products? Companies that follow a standardized product strategy sell products that don't vary greatly, if at all. Even Dell, whose custom-built computers are more different than mass-market products, sells products that can be considered standardized. A reuse-based knowledge management strategy is appropriate for companies that create standardized products. The company sells individual products and services if most of its work goes to meet the unique needs of specific customers. Because these needs will vary greatly, codified knowledge has limited value. Companies that follow a personalized product approach should consider a personalization model. Do you have a mature or innovative product? A business strategy based on mature products usually benefits greatly from the reuse model. The processes for developing and selling such products include well-understood tasks and knowledge that can be codified. Product innovation strategy, on the other hand, is best supported by a personalization strategy. People in companies seeking innovation should share information that is lost in the form of a document. Do your people rely on obvious or tacit knowledge to solve problems? Explicit knowledge is knowledge that can codified, such as plain code and market data. When company employees rely on explicit knowledge to do their job, the human-to-documents approach makes the most sense. Tacit's knowledge, on the other hand, difficult to articulate in writing and is acquired on the basis of personal experience. It includes scientific experience, operational know-how, industry information, business judgment and technological expertise. When people use unspoken knowledge more often than not to solve problems, the human-to-person approach works best. Managers sometimes try to turn, by its very nature, tacit knowledge into explicit knowledge. This can lead to serious problems. Xerox, for example, once tried to introduce the know-how of its service and repair technicians into an expert system that was installed in copy equipment. They hoped that the technicians responding to the call would be able to follow the system and complete the repairs at a distance. But it turned out that technicians can not solve problems with the system on their own. When copywriters looked at the issue more closely, they found that the techniques learned from each other by sharing stories about how they fixed the machines. The expert system was unable to reproduce the nuances and details that were exchanged in the years. Your answers to the three questions above often indicate what knowledge management strategy should be emphasized. But this issue is sometimes complicated by two additional problems: the presence of multiple business units and the commercialization of knowledge over time. It is tempting to think that two knowledge management models can coexist in different divisions within the same corporation. Indeed, they can coexist, but only in corporations where business units operate as autonomous companies. In a company like General Motors, where automotive divisions have little in common with credit and financial divisions, different models can actually work in every business unit. Companies with tightly integrated business units, however, should either focus on just one of the strategies or spin units that don't fit the mold. Some knowledge-intensive products and services, such as reininator consulting, for example, mature over time and become commodities. At first, the rewinding process required unique solutions, but soon a step-by-step approach was required. The CSC index started with the right match, a personalization model that supports the individual offering, but this became a mismatch as the concept of reingination changed. The firm had a choice: to change the strategy of knowledge management or to get out of the reining business. Without choosing either, he fell on hard times. In efficient companies, the knowledge management model remains the same even as new products and services grow. For consulting companies focused on highly customized solutions, the trick is to get out of areas such as reingering before they become commodities. In firms that re- knowledge and solutions, the opposite is true: such firms take an approach as it develops. Peter Novings, Partner Partner Ernst Young, says this: We try to commodify the experience in one area as quickly as possible and move it to scale and reuse, which benefits both the customer and the company. Do not isolate knowledge management Some managers have put knowledge management at the top of their agenda. Others did not pay the same attention to it as they paid to cost-cutting, restructuring or international expansion. In companies where this is the case, knowledge management occurs, if at all, in functional departments such as hr or IT. But companies that isolate knowledge management risk losing their advantages, which are the highest when they coordinate with HR, IT and competitive strategy. Companies that isolate knowledge management in functional departments such as HR or IT risk losing their benefits. This coordination requires the leadership of the general manager. When company executives and general managers actively choose a knowledge management approach that supports a clear competitive strategy, both the company and its customers benefit. When top people are unable to make that choice, both suffer. Customers can end up paying for an individual solution when a standard solution would work perfectly. Or they can get a painting on the rooms tips when they really need help with a unique challenge. In the organization, employees will be confused about priorities. The issue will quickly become politicized, and people will fight for resources without seeing the whole picture. Only strong leadership can provide the direction a company needs to choose, implement and overcome the resistance of a new knowledge management strategy. A version of this article was published in the March-April issue of Harvard Business Review for March-April 1999. Reviews. implementation of knowledge management in organizations ppt. implementation of knowledge management in organizations pdf. the critical success factors of knowledge management systems implementation in organizations