

## KNOWLEDGE MANAGEMENT

By DEEPAK

### 1. INTRODUCTION

Knowledge Management (KM) basically involves finding, selecting and organizing the “intellectual capital” of a company. This “intellectual capital” could be the files in the databank of an employee's computer, the information resident in an employee's brain or notes kept in the central information department of a company. It is important that knowledge is presented in a manner that helps employees understand and act on this information. KM has also been defined as collecting data from past projects with the purpose of making future projects simpler. India is recognised today as a knowledge-intensive economy. The importance of knowledge management as a new tool lies in its usefulness in conditions of shortage of skilled manpower, changing technology and high employee turnover. It can go a long way in helping the New Economy companies. However it is not easy to define knowledge. Wikipedia-the free encyclopaedia defines Knowledge as the awareness and understanding of facts, truths or information gained in the form of experience or learning, or through introspection. Another definition of knowledge on the Web is 'Knowledge refers to what one knows and understands. Knowledge is sometimes categorized as unstructured/structured, explicit or tacit. Knowledge that is unstructured and understood, but not clearly expressed is implicit knowledge. If the knowledge is organized and made easy to share then it is called structured knowledge. To convert implicit knowledge into explicit knowledge, it needs to be extracted and formatted'. Explicit information refers to assets such as logos, business plans, marketing research findings and customer databases. It is any knowledge that can be documented and archived.

Implicit knowledge is present as thoughts inside employees' minds:-

- On an organisation' services and products i.e., what it can deliver to its customers
- In terms of processes how to get things done, both internally and in partnership with external bodies
- ⊗ On customers and suppliers what needs they have and what motivates them

It throws up the challenge of figuring out how to recognize, generate, share and manage it. While Information technology in the form of e-mail, groupware, instant messaging and related technologies can help in the dissemination of tacit knowledge to a certain extent, its, identification in the first place is a major obstacle for most organizations.

Extracting this information out from its employees and using it creatively for achieving its goals and objectives is a challenge before every company. Hence KM could also mean some modifications in the organizational hierarchy. Since there is no universal definition of KM, simply because there is no concurrence as to what constitutes knowledge, it is best to think of KM in the broadest context. KM is the process through which organizations generate value from their intellectual and knowledge-based assets. Frequently generating value from such assets means sharing them among employees, divisions and even with other companies in order to develop best practices. Lets take a simple example to explain this. Imagine a waiter as a easy example of a knowledge worker. Good waiters do more than merely carrying trays and giving food bills. On an enquiry, a good waiter can give advice to guests, such as, what meat will go with which wine or which dishes will suit

their palate the best. Precise and useful information could help a waiter earn a bigger tip. On the other hand, the guests having gained from the waiter's advice may be more likely to eat at the hotel again. If a good waiter is ready to share his knowledge with other waiters then ultimately all of them could end up earning bigger tips. This is where KM would come in. The waiters' supervisor could decide to reward waiters sharing their knowledge with monetary incentives. Moreover the best advice could be collated and then placed on a bulletin board. The final result of a well-devised KM program is that everyone wins. In this case, the waiters get bigger tips and monetary incentives, the guest enjoy their meal more based on the correct and collective experience of waiters, the waiters supervisor gets a higher raise for being able to get the best pout of his team of waiters and the hotel owner wins from more repeat business.

## **Implementing KM**

There are three basic aspects in implementing knowledge management; the process of capturing and sharing knowledge, putting in place a knowledge management infrastructure and an organisation culture that encourages pooling of knowledge and building on the existing knowledge. Putting together a strategy for sharing knowledge is the 1st step towards launching a knowledge management program. It involves a vision as to how sharing knowledge can improve organizational performance. The top management needs to agree on the course of action involved in sharing knowledge. Key questions such as what knowledge will be shared and how the employees are motivated to participate in the KM program, need to be answered. Different knowledge-sharing programs need to be made depending on the purpose-i.e. whether the objective is to share know-how, best or good practices, or knowledge of clients or customers, or competitive intelligence, or knowledge of

processes. The knowledge-sharing program will differ considerably depending on the type of knowledge being shared. The quality of the knowledge to be shared is also a vital issue. The intended beneficiaries of the knowledge-sharing system are one of the major decisions concerns. Knowledge sharing programs may aim at sharing with either an internal or an external audience. Internal knowledge sharing programs traditionally targets at improving the efficiency or profitability of the current business by equipping the front-line staff of an organization with higher quality, more up-to-date and easily accessible tools and inputs to do their jobs. This then enables them to add more value to customers or cut costs. External knowledge sharing involves higher risks vis-à-vis internal sharing programs due to complex issues of confidentiality, copyright, and in the case of the private sector, the protection of proprietary assets. The basic channels by which knowledge will be shared need to be determined. The channel could be face-to-face, via help desks, by telephone, fax, email, collaborative tools or the web, or some mix of these. Research shows that face-to-face communication is the best and most reliable mode of knowledge transfer between people.

The objectives of Knowledge management must be clearly laid down. It is known that often in big organizations, discussions of strategy can go on for long periods, sometimes years, without ever coming to closure on the components. The end objectives of KM could be - increasing the speed of organizational performance, lowering costs of operation, accelerating innovation, or even broadening the client base. Since pursuing all of these worthy objectives simultaneously may result in a failure to achieve any of them, it will be useful to make an explicit choice about objectives from the outset. Moreover, agreement on objectives can help keep focus: since knowledge management in a large

organization is inevitably a long-term process involving many people in different units of the organization, there is a tendency for people to forget why the organization is pursuing knowledge management in the first place, and become distracted with peripheral activities. Knowledge management programs are expensive and hence their cost needs to be accepted by those who might prefer to spend the resources on other projects. Unambiguous KM objectives could help win these budget battles. For instance, in a large global organization where the explicit objective of knowledge management was improved quality and responsiveness, the KM budget faced hurdles. Many believed that KM would not lead to lower costs of operation since lowering the costs of operation was not part of the objectives itself.

A knowledge management system can be based on a conceptual model where various knowledge sources at the content level interact to realize an integrated knowledge network. Information technology can be used to realize an Intra-net-based framework that captures organizational structure and procedures and establishes linkages among all the documents. Three types of ownership are possible while implementing KM that spans across IT and HR. In the 1st, the IT department owns it because by using IT processing, knowledge can be easily communicated, in the 2nd type, the HR department owns it because KM is essentially a peoples unit. Finally the 3rd alternative involves having an entirely independent team of people. For example Ashok Leyland has merged IT and KM to set up a multifunctional core team encompassing six members. Executives from product development, HR and marketing are included in this select team. The rest of the initiatives are made at individual unit/division level. Another major company Ford has implemented KM at the corporate level. The initiative is owned by the chief knowledge management organisation and supported by a shared infrastructure. The makers of the Ambassador

car - HMIL, disseminate knowledge via formal as well as informal processes. The formal element consist of effective IT based networking accessible to all the employees 24\*7 and a structured feedback system. The informal process is meeting top management over a cup of coffee, conversation at the tea vending machine etc.

## **Some Benefits of KM**

Some advantages of KM connect directly to bottom-line savings, while others are relatively more complex to quantify. Given that today we are in an information-driven economy, companies discover maximum opportunities and finally reap most value not from physical assets but intellectual ones. It is essential that knowledge must be shared and is the foundation for collaboration in order to get the most value from a company's intellectual assets. An effective KM program can help a company do one or more of the following:

- Increase revenues by getting products and services to market faster
- Promote innovation by encouraging the free flow of ideas
- Improve customer service by reducing response time
- Boost employee retention rates by recognizing the value of employees' knowledge and rewarding them for it
- Streamline operations and reduce costs by eliminating redundant or unnecessary processes

A creative approach to KM can lead to improved efficiency, higher productivity and increased revenues in any business function. An effective KM program for example can result in intelligent vendor negotiations and help in planning purchases leading to more persistent vendor ships. Car manufacturers like Toyota and Mitsubishi in Japan have experienced that KM provides an infrastructure to work close to zero inventories. Back home, KM has helped Hyundai India to implement its 100-PPM program for vendors, resulting in higher quality

standards. While at Ford India, the value derived from effective KM is continuity of customer relations leading to more orders and higher customer satisfaction, yielding greater customer loyalty and product leadership. On the production side, KM at Ford has resulted in higher efficiency by avoiding rework. The company has been able to save considerable costs by rapidly transferring project learning from its economy car models to premium cars. DaimlerChrysler uses KM to design and continuously track price points and avoid any overlap in its models. There is a need for knowledge management interface within the industry. With consolidation resulting in fewer players in the industry, companies especially in Germany, Japan and US are sharing cost information to benchmarking with the industry. Generally companies share cost information relating to channel and branding start, which constitute less than 20 percent of the total cost. However, companies in some areas have taken steps to share cost information relating to materials and manufacturing which approximately contribute around 40 percent of the cost. However in India, most companies doubt their competitors monthly sales and production figures. Moreover in most companies, employees would have begun and ended their career working for a single company. Hence, in the Indian context, the key challenge is to externalise the tacit knowledge.

## Endpoint

One of the important issues in a KM program is that it resides in a dynamically changing environment and is subject to frequent changes and adaptations and needs regular maintenance. The entry of new knowledge

elements into any one of the entities in the knowledge-net requires establishment of appropriate linkage with other knowledge elements in other entities. The knowledge management group can do this manually, however, it is possible to create these linkages automatically, using e.g. document analysis techniques. Second, there is a need for a mechanism to delete old and obsolete knowledge elements from the knowledge net. The size of the knowledge-net should not grow forever. Apart from having a good technical infrastructure, it is also important to have top management commitment, appropriate culture and measurability of improvements at every stage. Knowledge management is more often a managerial issue than a technical issue. In order to sustain the effectiveness of a knowledge management framework, a culture of sharing information and knowledge needs to be developed within the organization. To make such a culture viable it is vital to make people realize the importance of sharing information and helping each other. Integrating KM initiatives with the organizational processes and rewarding knowledge sharing and knowledge creation are two key steps in this direction. Configuration and development of special interest groups is also a reliable approach to initiate such cultural change.

## Notes & References

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