KNOWLEDGE MANAGEMENT ANALYSIS FOR BUSINESS STRATEGY

C. S. RAMANIGOPAL*

G. PALANIAPPAN**

A. MANI***

Abstract:

The new organisations put more premiums on understanding, adapting and managing changes and competing on the basis of capturing and utilising knowledge to serve better to their customers, improve the operations or to speed up their products to markets. The emergence of these new organisations calls for a new way of management, which is generally known as "Knowledge Management". The critical linkage between business and knowledge strategy is not given much attention and is ignored in practice. Strategy is not a then and there process so that organization can execute when ever it requires. If the business strategy is not aligned at the abstract level it is difficult to execute it. This paper focus the objectives To know, how high level business strategy can be translated into pragmatic goals for Knowledge Management and To examine how knowledge maps can translate strategic vision into supporting knowledge strategy. Based on this output strengthens knowledge gap as strategic gap in those particular areas in which the company should compete. Also observe and focus on codification and personalization, which are equal Knowledge Management strategies. Balance also should be maintained between these two strategies while focusing each. Both exploitation and exploration should be supported because one without another leads to failure. These are all in their ability to take as high level as vision of the organization. By preparing a series of well defined iterative steps, interpret it into low level strategic steps and Knowledge Management system functionalities. After identifying the key characteristics that are needed in a Knowledge Management system, it should be aligned successfully with business strategy.

Key Words: Knowledge Management, GAP analysis, MAP Analysis, Business Strategy.

* Professor, Management Studies, Vinayaka Missions University, Salem -636 308.

** Assistant Professor, Management Studies, Vinayaka Missions University, Salem -636 308.

*** Assistant Professor, Management Studies, VMKV Engineering College, Salem -636 308.

Introduction:

Today organisations are fundamentally different as compared to organisations existed in one or two decades ago in terms of their functions, structures and style of management. The new organisations put more premiums on understanding, adapting and managing changes and competing on the basis of capturing and utilising knowledge to serve better to their customers, improve the operations or to speed up their products to markets. The emergence of these new organisations calls for a new way of management, which is generally known as "Knowledge Management". Even though Knowledge Management has gained its popularity recently due to the drastic changes in business ecology, there is still confusion on how to implement the Knowledge Management strategy successfully and effectively. Therefore, this study aims to investigate and suggest possible ways to implement the concept of Knowledge Management more effectively to achieve the objectives of the organization. Today's knowledge age brings with it an increasingly complex business environment worldwide. Companies need to address knowledge sharing, knowledge collaboration, and knowledge dissemination to be able to compete in an unpredictable environment. To compete in these unpredictable competitive environments, every business in the modern world should face several challenges. Knowledge Management is the solution for realigning the firm's technical capabilities to create the knowledge that drives the firm forward.

Success of a Knowledge Management is based on its

➢ Alignment and articulated link between the KM and Business Strategy.

Generally organizations used to focus on

➢ Developing new IT applications to all activities of an organization's explicit knowledge. But still technology falls short of success.

➢ Found that, the critical linkage between business and knowledge strategy is not given much attention and is ignored in practice.

Strategy is not a then and there process so that organization can execute when ever it requires. If the business strategy is not aligned at the abstract level it is difficult to execute it.

KM should step in company's business strategy to enjoy

➢ its complete effectiveness with balanced mix of technology,

➢ cultural change, and

➢ Purposeful reward system as its focus.

Objectives of the Study

➢ To know, how high level business strategy can be translated into pragmatic goals for Knowledge Management

➢ To examine how knowledge maps can translate strategic vision into supporting knowledge strategy.

Knowledge codification is

➢ Organizing and coordinating knowledge before the user can access it.

➢ Must be in a form and a structure meaningful for access at any time, from anywhere by any authorized person.

➢ Converts tacit knowledge to explicit knowledge in a usable form for the organization's members.

➢ Codifying tacit knowledge is complex and is more of an art than a science.

➢ Several different ways of encoding facts and relationship to codify knowledge exists.

➢ To do so, they include knowledge maps which are tools to transfer employees into knowledge partners for effective decision making.

1.1. CREATION OF KNOWLEDGE MAPS:

A knowledge map

➢ Is a visual representation which tells the organization where to go and what to find[1].

➢ Is not a repository of knowledge

➢ Main purpose is to direct people where to go when they need certain expertise.

➢ Recognize explicit and tacit knowledge captured in documents, repositories and in experts' heads.

➢ Can represent explicit or tacit, formal or informal, documented or undocumented, and internal or external knowledge.

➢ Is like a knowledge highway[2] to access knowledge location.

➢ Identifies strengths to exploit and missing knowledge gaps to fill.

➢ Building requires three steps which are

    o developing a structure of the knowledge of the knowledge requirements

    o Defining the knowledge required of specified jobs and

    o Rating employee performance against knowledge requirements.

➢ Originated from the belief that people act on things that they understand and accept.

➢ Indicates that self-determined change is sustainable.

Therefore, Knowledge map

o Is a visual representation of knowledge

o Is a multi-step process.

o Its Key can be extracted from database or literature and placed in tabular form as lists of facts.

o These tabled relationships can then be connected in networks to form the required knowledge maps.

The benefits of knowledge maps are

    o the sensible reduction of time to prepare paperwork and approval,

    o reduction of division among departments and

    o Acknowledgement of various knowledge sources.

1.2. PROCESS OF KNOWLEDGE MAPS:

Knowledge Maps as a process has five key elements that works together to ensure a knowledge map working. They are

    o **Visualization of business issue.**

    o **Guided discussion to create shared Knowledge:**

    o **Facts Presentation:**

    o **Open and Trusting Environment:**

o **Follow Up**

1. **Visualization of business issue**. It is designed to be fun, easy to follow, engaging and clearly reflecting the material to be covered.

2. **Guided discussion to create shared Knowledge**: The pace of the group's collaborative discussions should be guided by a set of questions that hopefully create shared knowledge. The process allows each employee to find out how the process or the problem applies to him/her and what the employee should be doing differently.

3. **Facts Presentation:** Facts are presented to the group to focus on the realities of the problem. They often come up with the same conclusions that senior leaders do.

4. **Open and Trusting Environment:** The nature of the collaborative discussion among peers should be an open and trusting environment, facilitated by a coach. Otherwise, knowledge maps will not work.

5. **Follow Up**: Finally, post session follow-ups activities are reviewed, and conclusions are drawn.

1.3. BUILDING OF KNOLWEDGE MAP:

Building is easy. Once it comes to know where knowledge resides for a problem, it has to be noted and add instructions on how to get there. Keep in mind that quality knowledge must first be available. Then it must be accurate and easy to use and navigate.

A company's intranet is a common medium for publishing knowledge maps. Often, the human resources package interface with the company's intranet provides knowledge capability.

STEPS TO BUILD:

A knowledge map is often put together in bits and pieces – some facts are documented and others are informal. In a large organization, asking the question more than once can cause waste. FAQs (frequently asked questions) are appropriate when tagged to a computer based environment, but it also tends to get longer and more tedious. Being primarily text-oriented, certain questions are not easy or quick to look up.

In contrast, knowledge maps are generally graphic, more specific, and easier to follow than FAQs, The focus of a knowledge map is on procedure rather than on fragmented questions and answers. A knowledge map maker initially follows a trail of fragmented recommendations,

beginning with the human resources department as the primary knowledge source than the other departments.

Another popular knowledge map in the human resources area is a skills planner, where the goal is to match employees to jobs. Once the knowledge map maker has an idea what knowledge is required of employees, they can be selected for educational training and other offerings.

Building the map requires four steps.

o   Develop a structure of the knowledge requirements.

o   Define the knowledge required of specific jobs.

o   Rate employee performance by knowledge competency

o   Link the knowledge map to a training program for career development and job advancement.

With help of these four steps shown in the figure No. 1.1, a knowledge map may be set up as a 4-tier knowledge structure, to evaluate employee competency and identify within the structure the tacit and explicit knowledge for each competency.

The **criteria of a good knowledge map** are

o   Clarity of purpose,

o   ease of use and

o   Accuracy of content.

Although technology is involved in its application and availability, technology alone cannot guarantee that the knowledge map will be accepted or used effectively in an organization.

MAPS TO LINK KNOWLEDGE TO STRATEGY

Systematically mapping, categorizing, benchmarking, and applying knowledge with the help of a Knowledge Management system can not only make such knowledge more accessible, but also prioritizes and focuses Knowledge Management.

Effective Knowledge Management strategies using such "knowledge maps" can help companies build a defensible competitive knowledge position – a long term effort that requires foresight, hindsight, careful planning, alignment, and luck. Although execution of a Knowledge Management initiative is important, its alignment with business strategy is critical.

To articulate the strategy knowledge link, a company

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories
Indexed & Listed at: Ulrich's Periodicals Directory ©, U.S.A., Open J-Gage, India as well as in Cabell's Directories of Publishing Opportunities, U.S.A.

International Journal of Marketing and Technology
http://www.ijmra.us

o must explicate its strategic intent,

o identify knowledge required to actually execute that strategic choice, and

o Reveal its strategic knowledge gaps by comparing these with its actual knowledge exist.

The strategic choices that a company makes regarding technology, markets, products, services, and processes have a direct impact on the knowledge, skills, and competencies that it needs to compete in its intended markets. Later translate into actionable goals. Such linkages are illustrated in figure No. 1.1.

Figure: 1.1

Knowledge Structure and Categories for Knowledge Mapping

	Knowledge structure	Knowledge Category
Global	Company–Wide knowledge competency	Applies to all company employees.
	Department or division level competency	Applies to all employees within a function or a department.
Local	Working knowledge competency	High – Level skills unique to a specific job type. Approve a loan.
	Basic level knowledge competency	Foundation knowledge. For example, ability to send and receive e-mail as part of a job.

Source: Elias M. Awad & Hassan M. Ghaziri, Knowledge Management, Pearson Education Pte Ltd., Singapore, 2004, pp.196

Assessing the company's present knowledge position **necessitates** documenting its existing knowledge assets.
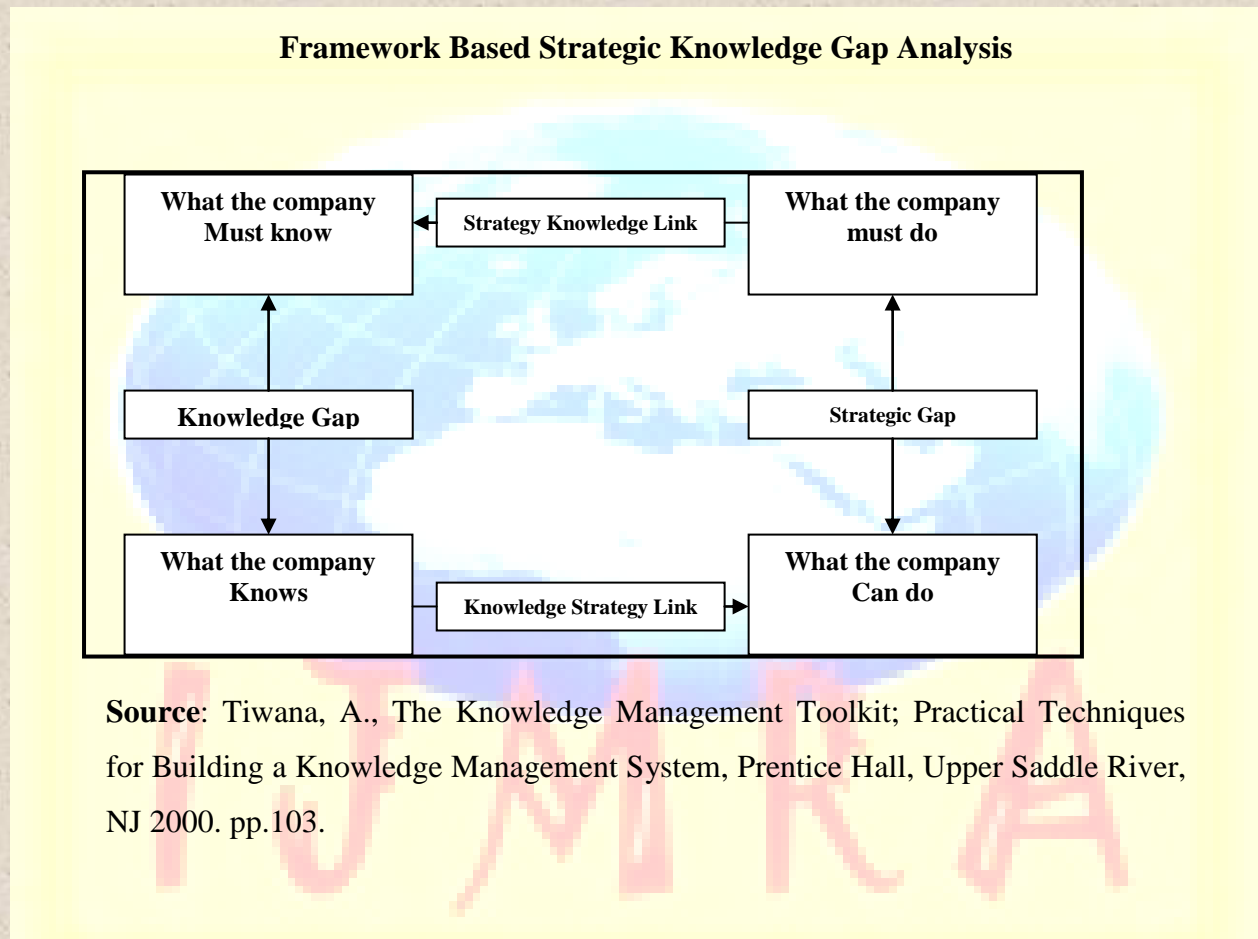
For our initial high-level analysis, we can categorize knowledge into three classification "buckets"[3]

o **Core knowledge:**

o **Advanced knowledge:**

o **Innovative Knowledge:**

A. Core knowledge: Core knowledge is the basic level of knowledge required just to play the game. This is the type of knowledge that creates a barrier for entry of new companies. Because this level of knowledge is expected of all competitors, one must have it; even though it will provide the company with no advantage that distinguishes it from its competitors.

Figure: 1.2

Framework Based Strategic Knowledge Gap Analysis

Source: Tiwana, A., The Knowledge Management Toolkit; Practical Techniques for Building a Knowledge Management System, Prentice Hall, Upper Saddle River, NJ 2000. pp.103.
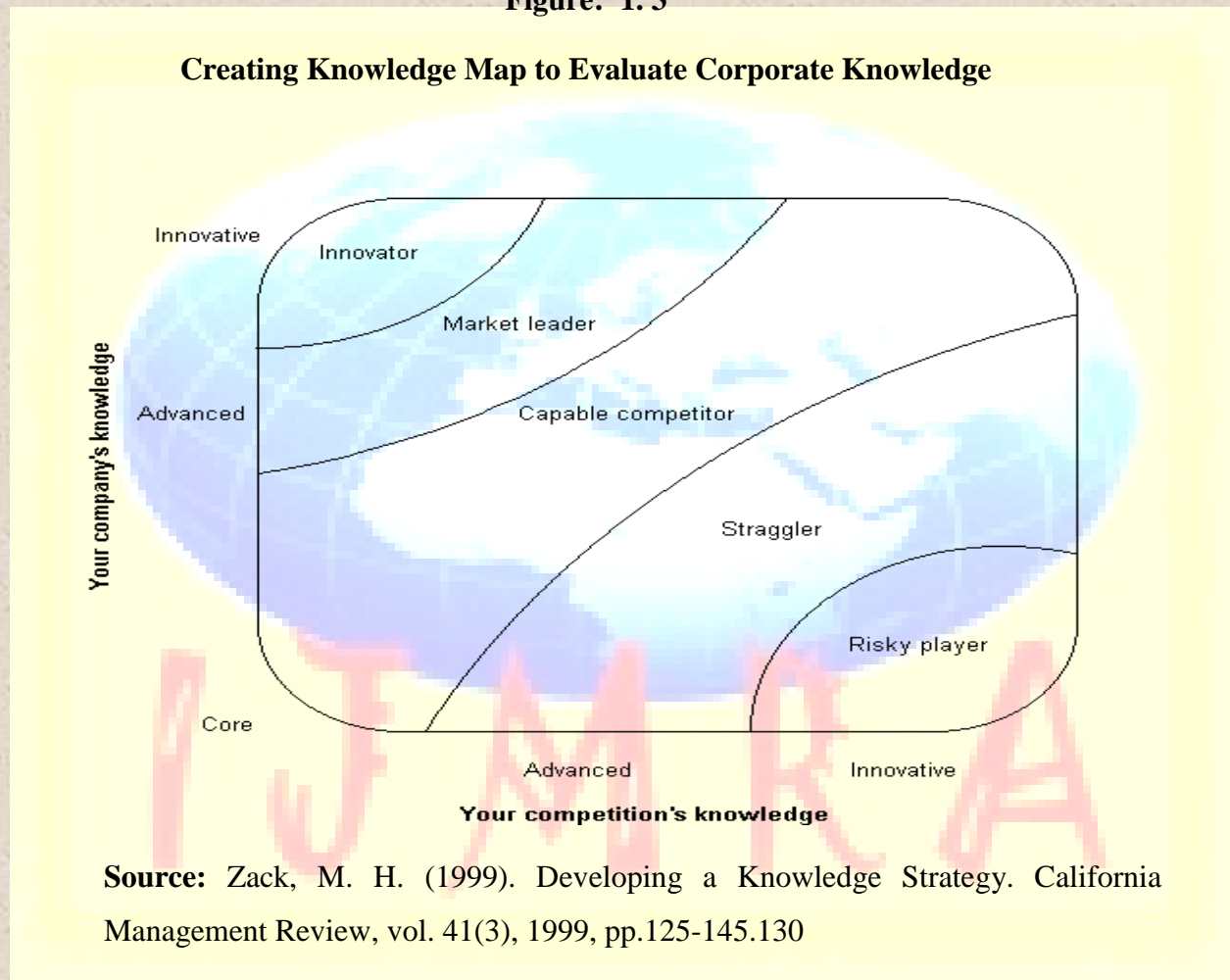
B. Advanced knowledge: Advanced knowledge is what makes one company conductively viable. Such knowledge allows the company to differentiate its product from that of a competitor, arguably through the application of superior knowledge in certain areas. Such knowledge allows the company to compete head-on with its competitors in the same market and for the same set of customers.

C. Innovative Knowledge: Innovative knowledge allows a company to lead its entire industry to an extent that clearly differentiates it from competition. Innovative knowledge allows a company to change the rules of the game.

"Knowledge is not static"[4]. The knowledge map under creation figure. No. 1.3 provides a snapshot of where the company is at any given time (such as on date) relative to its competitors. The map should categorize each market player, including the company, and the creator, as an innovative leader, capable competitor, straggler, or risky player. Next, identify the own business's strengths and weaknesses on various facets of knowledge to see where one lag behind or lead the competitors. Use that information accordingly to reposition either the knowledge or strategic business focus.

Figure: 1. 3

Creating Knowledge Map to Evaluate Corporate Knowledge

Source: Zack, M. H. (1999). Developing a Knowledge Strategy. California Management Review, vol. 41(3), 1999, pp.125-145.130

1.4 ANALYZING KNOWLEDGE GAPS:

The difference between what the enterprise requires and what it currently has is what is called the "Knowledge Gap"[5] as in the figure No. 1.3. Similarly, one's company's knowledge gap is represented by what company should know and what it does know in order to support the competitive position that it has adopted. These two gaps must be aligned and must feed into each other to bridge existing gaps. Ignoring this comparison trivializes the idiosyncratic nature of

strategic alignment. Knowledge Management strategy then must address how the company's knowledge gap is identified and critical processes are best bridged. In addition to balancing personalization and codification, one must then balance the level of exploration and exploitation at which one wants the company to operate.

Exploration implies the intent of the company to develop knowledge that helps it to create new niches for its products and services. This intent has profound implications for the design of both the Knowledge Management strategy and system; Exploration alone cannot be supportively pursued or financially sustained for too long without having a negative impact on the company's bottom-line results.

Exploitation implies the intent to focus on deriving financial and productivity gains from knowledge that already exists, both inside and outside the company. The company must simultaneously pursue exploitation (which results in short–term benefits) and exploration (which accumulates long-term benefits), varying the balance with strategic focus. In either case, integrate external knowledge into the Knowledge Management strategy, only those companies that possess the best learning capability and absorptive capacity for external knowledge hold long run viability.

Apply knowledge to create value, that is, to innovate. Being an innovator on the knowledge map is of little help if one is not an exploiter. One must first be an exploiter before trying to be an explorer. The implications of this on Knowledge Management system designs are significant; his/her Knowledge Management system must support exploitation of available and accessible knowledge before it can be supporting exploration.

FINDING KNOWLEDGE GAPS: Knowledge is quite different from a knowledge asset. 'Asset' is the explicit, articulated, documented or codified part of the knowledge spectrum.

Knowledge gaps

- o   come from understanding the flow*s*,

- o   observing where and why people hunt for answers,

- o   finding where decisions are made with inadequate understanding or with uncertainty,

- o   where individuals lack critical skills or

  o   Where the firm is not looking or aware of changes.

The knowledge gap can be found based on careful observation of

  o   constraints influencing work practices,

  o   questioning workers,

  o   appreciation of markets,

  o   having a feeling for how customer innovation and

  o   Experimentation is being captured, used or ignored.

Gap analysis

o   Has been proven, over time, to be an effective way to assess organizational deficiencies and chart a course for improving operations.

o   Can be applied at any level of the organization from the grand enterprise strategy to the more tactical work team or community of practice transition plan.

o   The results of gap analysis

  o   serve to align activities and

  o   Provide a basis for allocating resources for knowledge enhancing skills and infrastructure.

Generally in an organization the knowledge management gap exists in eight ways. They are

  o   formal business structure,

  o   training,

  o   rules and responsibilities of the people,

  o   work culture,

  o   the incentives and rewards,

  o   the knowledge content of the people,

  o   policies and processes, and

  o   The technology[6].

The next step after identifying the knowledge gap is to formulate a gap-closing strategy and action plan

Conclusion:

The design of the Knowledge Management architecture must be closely linked to the actual areas of expertise and competence that a business possesses. At the same time, it must address the fundamental question of how it adds value and agility to the business strategy at each stage of development. This necessitates the creation of a coherent blueprint that responds to the present and future needs of the company. This makes a long term vision for a Knowledge Management system an imperative, but it also has prerequisite of a pragmatic, short term orientation. Managers and businesses need to capture what they learn from both the soft insights and experiences, also hard data from the external environment, synthesize those learning's into a vision of the direction that the business should pursue. Create knowledge maps which covers internal, competitive, and industry wide to provide reality check. These type of maps helps to point out which area of knowledge is fully empty, slightly lacking behind, or weaker beyond hope. Based on this output strengthens knowledge gap as strategic gap in those particular areas in which the company should compete. Also observe and focus on codification and personalization, which are equal Knowledge Management strategies. Balance also should be maintained between these two strategies while focusing each. Both exploitation and exploration should be supported because one without another leads to failure. These are all in their ability to take as high level as vision of the organization. By preparing a series of well defined iterative steps, interpret it into low level strategic steps and Knowledge Management system functionalities. After identifying the key characteristics that are needed in a Knowledge Management system, it should be aligned successfully with business strategy.

Reference:

- Natarajan, G. and Shekhar, S., Knowledge management: Enabling business growth. International edition. McGraw-Hill, Boston. 2001, pp.37.

- Elias M. Awad & Hassan M. Ghaziri, Knowledge Management, Pearson Education Pte Ltd., Singapore, 2004, pp.193.

- The idea of using these three categories for creating a knowledge map was first suggested by Michael Zack, see developing a Knowledge Strategy, California Management review, vol. 41, no. 3, 1999, pp 125-145.

- Zack, M. H. Developing a Knowledge Strategy. California Management Review, vol. 41(3), 1999, pp.125-145.

- Natarajan, G. and Shekhar, S., Knowledge management: Enabling business growth. International edition. McGraw-Hill, Boston. 2001, pp.39.

- Cynthia J. Odom and John F. Starns, Analyzing Knowledge Management Gaps, The George Washington University, Volume 12, Issue 6, June 2003,