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Knowledge Management Consulting Method

Part 3 – Strategic Planning

Module 3.1 – Providing Leadership

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Contents

Introduction

An Overview of the KM Consulting Methodology

The KM Consultancy Methodology enables structured thinking and planning for a knowledge management project. The KM Consultancy Methodology is designed to be modular so that an organisation can choose to start at different levels depending on its readiness, needs and requirements.

The KM Consultancy Methodology is divided into 6 parts of learning and activity. Part 1 concentrates on KM Education, understanding what KM is, the terminology used and why it is important. Part 2 introduces the individual to the importance of KM frameworks, and more importantly, the framework used for the KM Consulting Methodology.

Parts 3, 4 and 5 focuses on the planning, developing and implementing KM within and organisation. This involves looking at the initial or the planning stage of the strategic planning for knowledge management, in Part 3. Part 4 looks at developing the knowledge organisation, looking at how to KM enable the organisation and the need to iteratively develop the KM initiative. Part 5 looks at implementing the KM initiative, from a small pilot project, to a organisation wide KM roll-out and then to an inter-organisation wide KM roll out.

Lastly Part 6 focuses on the knowledge and skills required to successfully conduct KM on a daily basis. This involves fundamental skills, such as utilising the KM system and working effectively as virtual teams through to understanding the new roles and responsibilities of the Chief Knowledge Officer, Knowledge Manager, Knowledge Administrator and the Knowledge Workers.

Strategic Planning for Knowledge Management

Knowledge management is not about managing knowledge per se or about managing knowledge workers, rather it is about managing the context within which knowledge is created, shared and used.

Therefore, the implementation of any knowledge management project calls for a comprehensive understanding of the context in which the KM project is being undertaken. The task can be quite intimidating and overwhelming because of the complexity involved.

The KM Consulting methodology aims to break a KM initiative into manageable projects without losing sight of the big picture. This part of the methodology – Part 3 is broken down into six modules, each of which can be managed as a series of separate activities.
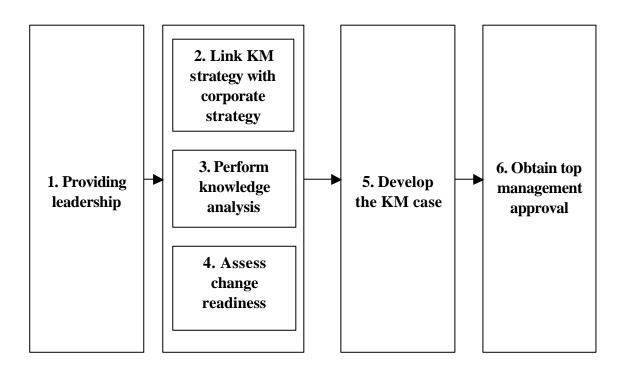
Part 3: Strategic planning for knowledge management

1. Providing leadership	2. Link KM strategy with corporate strategy	5. Develop the KM case	6. Obtain top management approval
	3. Perform knowledge analysis		
	4. Assess change readiness		

Fig 1: Strategic Planning for Knowledge Management

Summary of Activities per Module

Module		Activities
3.1	Providing Leadership	? Meet the CEO/MD/top management ? Form & educate a KM Initiation Team

3.2	Link knowledge management strategy with corporate strategy	? Organise workshop/conduct interviews
		? Analysis
		  o Identify vision, strategy and objectives
		  o Identify critical success factors
		  o Link strategy to critical success factors, improvement needs, key people and processes
		? Select the key business area and process of focus

3.3	Perform knowledge analysis	? Determine knowledge orientation; current and desirable ? Identify critical knowledge assets ? Analyse KM infrastructure
3.4	Assess risk and change readiness	? Change Readiness Assessment ? Stakeholder analysis

3.5	Develop the case for KM	? Explain the need for knowledge management
		? Project Description
		? Provide solution detail
		  o Develop performance measurement and evaluation plan
		  o Determine resource and funding requirements
		  o Develop awareness generation and education plan
		  o Determine the implementation Schedule

3.6	Obtain top management approval	? Improve awareness of the executive group ? Present the KM proposal ? Form the KM team

Strategic planning is an important stage of a knowledge management project because it will help an organisation quickly focus on knowledge that counts and delivers value to the firm. Based on the corporate strategy and objectives a clear knowledge management strategy needs to be defined to help the firm set forth the criteria for choosing what knowledge a firm plans to pursue and how it will go about capturing and sharing it. A key deliverable of Strategic Planning will be the creation of a business case which would set the scope of the project by designating critical knowledge for the business and identifying resources of critical knowledge. The focus of the business case would be to convince the top management of the need and benefits of knowledge management and gain their full-fledged commitment for the initiative.

There could be two different scenarios during the initiation phase of a knowledge management project.

a)   The CEO / MD of the firm is convinced of the need for a knowledge management initiative and the project is initiated by her/him. S/he could either decide to form an internal team undertaking the project or hire an external consultant who would also be supported by an internal team. In either case, the information collection exercise becomes easier and the task of obtaining the top management approval should become much easier.

b)   A middle/senior manager in the organisation initiates the project. In this case, the success of the project will be contingent on obtaining full-fledged top management support. Therefore, the focus during the initial phase of the project should be on creating high awareness and garnering much more than word of mouth support from top management.

The modules involved in the two cases would be the same, however the activities and focus might differ. The steps involved would be;

> Module 3.1: Providing leadership.
> Module 3.2: Link corporate strategy with knowledge management.
> Module 3.3: Perform knowledge analysis.
> Module 3.4: Assess change readiness.
> Module 3.5: Develop a business case for KM.
> Module 3.6: Obtain top management approval.

This module focuses on Module 3.1 – Providing Leadership.

Module 3.1: Providing leadership

Apparent in all successful cases is a visible evidence of knowledge leadership with one or more people actively championing the knowledge agenda. However, the first critical task for a knowledge champion is to understand corporate thinking and garner full-fledged commitment of the senior management for the initiative. Since knowledge management touches almost everyone in the organisation and affects specific programs and policies, top management support is indispensable. Therefore, the first step for the knowledge champion is to meet the top management of the firm.

1.0   Meet the CEO/MD/Top management of the firm

1.1   Purpose of Meeting

The purpose of the meeting with the CEO/MD is to create a common understanding of knowledge management, the need for a KM initiative and to obtain a preliminary approval to explore the possibility of undertaking such an initiative. This would help the consultant or the change agent in gauging the extent of support available from the senior management and planning the project accordingly.

This meeting is meant to be an exploratory session to decide whether the organisation wants to invest in knowledge management and what is the level of investment the senior management is willing to make. If there is an initial commitment from the senior management then the project can be kick-started by forming a small KM Initiation Team. However, if there is little interest shown by the senior management then some more time would have to be spent in convincing them of the need for knowledge management.

> Some questions to discuss during the meeting would be;
>
> 1. Does knowledge play an important role in our business?
> 2. Do we as an organisation need a systematic approach to key knowledge processes including knowledge acquisition, creation, sharing, organisation and use?
> 3. What are the company's vision, strategy and objectives?
> 4. What are the priorities and critical success factors to meet the objectives?
> 5. What are the key processes involved in achieving the critical success factors?
> 6. Who are the key people involved?
> 7. Based on the corporate strategy and vision, what should be the knowledge management direction for the firm? One could choose from the following generic strategies: knowledge enhanced products and services, managing knowledge as an asset, developing knowledge as a business or enhancing knowledge in business processes.
>   (See Appendix 1 - Prominent KM Strategies.)
> 8. Are we prepared to invest time and resources on knowledge management?

1.2   Importance of the role of the CEO

The role of the CEO can vary from one of passive support, through to active stimulation through to knowledge leadership, where the CEO personally takes a leading role in making the knowledge initiative happen. This could significantly affect the strategic planning for the KM project. E.g. if there is only passive support of the CEO, then the knowledge champion would have to invest significant time and resources in demonstrating the value of knowledge management and helping senior management, middle management and workers understand the need for the organisation to turn to knowledge management and the payoffs that exist. However, if the senior management has already bought into the idea then the change agent or consultant can concentrate on planning the project and drawing up the project detail.

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Case in point:
Does the level of support and participation by the CEO matter?

In some companies, as long as there is some level of support, knowledge management initiatives can thrive and bring results. For example, in cases like Skandia and Steelcase, knowledge management initiatives were already underway without overtly strong CEO support. Interestingly in both cases their new CEOs have more openly endorsed the initiatives and have certainly helped. In other situations, as at the UK's department of Trade or Industry or ICL it does seem that policy of CEO endorsement gives the whole program a boost. Similarly there are cases where middle managers seemed to be frustrated in their efforts to make progress, partly due to lack of top level support, but perhaps also because of the CEO's inability to fully understand the need for a knowledge agenda.

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2.0   Form and educate the KM Initiation team

On obtaining an initial commitment from the senior management, the next important activity would be to assemble a small team who would lead the KM effort in the organisation. The KM initiation team should be made up of the cross section of the organisation. The number of members in the team will depend on the size of the organisation. However, we suggest that the size of the team should be kept small and may vary from <u>one</u> person to <u>four</u> people.

 A key member of this team will be the "change agent". Who is a change agent?
(We have used the change agent and knowledge champion interchangeably).

" A change agent is the person responsible for the process of change and incorporating the principles and tools of change management into an organised and systematic plan of implementation." In scenario 2, it would be the senior/middle level manager who initiates the project and is convinced of the need for a knowledge management initiative.

The team members should be well versed with the concepts of knowledge management. The onus is on the change agent to set the direction and create general awareness about knowledge management and how it can benefit the organisation.

The members of the KM initiation team will serve as the organisation's own internal consultants on knowledge management and will perform a detailed business and knowledge analysis to identify the business areas and processes to focus on as part of knowledge management.

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Appendix 1

Prominent KM Strategies

The APQC[1] consortium benchmarking study on knowledge management identified six emerging strategies that firms are using to address their KM needs:

1.   Knowledge management as a business strategy:
This strategy is the most comprehensive and enterprise wide approach to knowledge management. Firms pursuing this strategy believe KM is central to their ability to grow and compete. They rarely need to make a business case for the concept, often have a formal "knowledge champion" and embed significant resources in all areas of the business to ensure ever improving knowledge is accessible to and through their people, processes and products. Some of the firms pursuing this KM strategy are Price Waterhouse, Arthur Andersen and Sequent.

2.   Transfer of knowledge and best practices:
This strategy is the most widespread, focusing on systematic approaches to knowledge reuse and transfer of best practices and knowledge to where they will be used to improve operations or be included in products and services. This includes systems and practices to obtain, organise restructure, warehouse or memorise, reward and encourage, repackage for deployment, and distribute knowledge. The key value proposition of this strategy is reduced cycle time and costs, increase in the proposal the company wins, and more effective use of the knowledge of the organisation to satisfy customer needs. Some firms pursuing this strategy are Texas instruments, Skandia, Chevron, Arthur Andersen and Dow Chemical

3.   Customer-focused knowledge:
This strategy is focused on capturing knowledge about customers; developing and transferring knowledge; and understanding of customers' needs, preferences and businesses to increase sales, as well as bringing the knowledge of the organisation to bear on customer problems. Prominent firms pursuing this strategy are Sequent, Dow Chemical, Skandia and USAA.

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[1] APQC Consortium – http://www.apqc.org

4.   Personal responsibility for knowledge:

This strategy is driven by the belief that people are the engine of knowledge and should be supported and personally responsible for identifying, maintaining, and expanding their own knowledge, as well as understanding, renewing, and sharing their knowledge assets. Some examples are Chevron, Hughes Space and Communications, Price Waterhouse and Sequent.

5.   Intellectual asset management:

This strategy emphasises enterprise-level management of specific intellectual assets such as patents, technologies, operational and management practices, customer relations and organisational arrangements. The management focus may centre on renewing, organising, valuating, safekeeping, increasing availability and marketing these assets. Skandia and Dow Chemical are the two prominent examples of firms pursuing this strategy.

6.   Innovation and knowledge creation:

This strategy emphasises innovation and creation of new knowledge, through both basic and applied research and development. Examples are Arthur Andersen, Dow Chemical, Hughes space and Communications, NSA, Price Waterhouse, Texas Instruments.

Glossary

Knowledge The ideas or understandings, which an entity possesses that are used to take effective action to achieve the entity's goals.

Knowledge management The ways to create, retain, share, account for, and leverage knowledge - at all levels, from the personal level to the team level, the organisational level, the inter-organisational level, and the global level.

Knowledge Asset A resource that an organisation wants to cultivate and manage. Human assets are people and networks of people, structural asset could be an automated sales process and market asset could be a corporate brand.

Business case A document describing the business issues driving the project, the project objectives, the project scope, the approach and time frame for achieving results, the budget and the project team.

Critical Success Factors The most important activities and processes the organisation has to make right to reach the goals outlined in the strategy. Examples include: product development, inventory reduction, time to market, customer service and so on.

Vision The dream of a future state for the organisation.

Change Agent The person responsible for the process of change and incorporating the principles and tools of change management into an organised and systematic plan of implementation.