

Knowledge Management Consulting Method

Part 3 – Strategic Planning

Module 3.2 – Link Corporate Strategy with KM Strategy

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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.

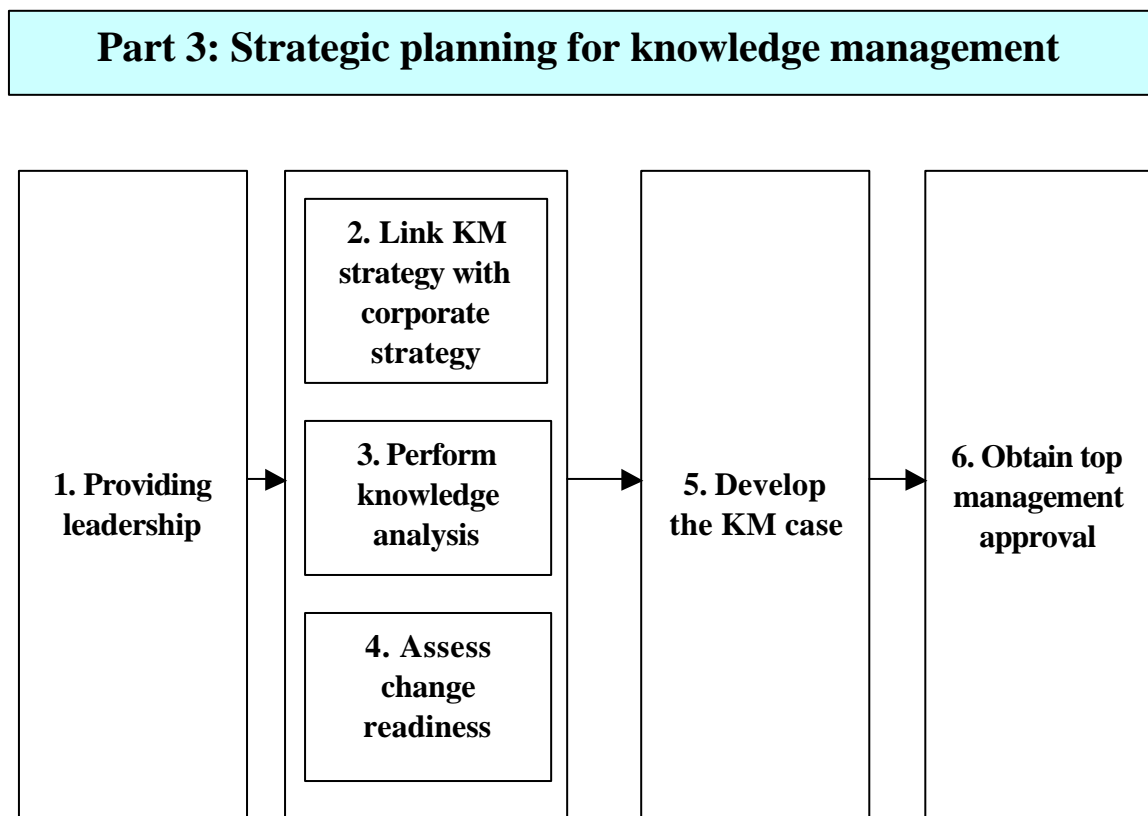


Fig 1: Strategic Planning for Knowledge Management

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 <ul style="list-style-type: none"> ○ Identify vision, strategy and objectives ○ Identify critical success factors ○ 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 <ul style="list-style-type: none"> ○ Develop performance measurement and evaluation plan ○ Determine resource and funding requirements ○ Develop awareness generation and education plan ○ 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 3.2 – Link corporate strategy with knowledge management.

Module 3.2: Link corporate strategy with the KM strategy

KM strategy sets forth the criteria for choosing what knowledge a firm plans to pursue and how it will go about capturing and sharing it. For obvious reasons, business needs are the starting point. "A company has to know the kind of value it intends to provide and to whom. Only then can it link its knowledge resources in a way that makes a difference." The focus is on providing answers to high level "what, who and how" questions. Given a business's positioning, what sorts of knowledge are especially critical to support it? Who needs to have what information and when do they need to know it?

In short, for successful implementation of a knowledge management program, the strategic thrust of the initiative has to be closely aligned with the overall vision, strategy and objectives of the organisation.

Hence, this step will help the KM initiation team to focus on the business area or the process that add the greatest value. To begin understanding the organisation's knowledge management needs, the KM initiation team should start by addressing the following important questions;

- What are the vision, strategy and objectives of the organisation?
- What products or services are critical to the organisation's performance?
- What are the organisation's critical success factors?
- In which areas are competitors performing better?
- Which are the areas in which the competitors are catching up with the organisation?
- Where can customer satisfaction be improved?
- What are the major problems facing the organisation?

Answers to many of above the questions can be easy to locate in the annual business plan of the company, vision statements, annual reports, press releases and executive interviews with the press, Long range plan statements, SWOT analyses, submissions to stock exchanges, rating agencies and brokers and any other documents in which future direction and market position are discussed.

However, if it is not documented, then the team should spend some time doing some or all of the following to arrive at the answers to the above questions:-

1.0 Organise a workshop

A good way to start a discussion on the strategic thrust and scope of a knowledge management project is to organise an executive workshop comprising of senior managers, who are familiar with the business operations and are responsible for the critical success factors identified by the CEO/MD. It is critical to involve managers from different departments because knowledge management touches on many areas of an organisation and developing and implementing a knowledge management system is a multi disciplinary task requiring the co-ordinated efforts of several departments and functions. Some identifiable participants are CEO, COO, CFO, CTO and HR manager.

The executive workshop is usually a half a day working meeting of senior executives set up to;

- Introduce the concept of knowledge management.
- Convey the need for a KM initiative.
- Set goals and priorities for the project.

The agenda of the workshop with the key questions on it and some reading / reference material should be circulated in advance.

The change agent should co-ordinate the workshop and begin by overviewing the concepts of knowledge management and explaining the need for a KM initiative. The change agent should touch upon the following areas:

- Why is knowledge valuable at the organisation level?
- What is knowledge management?
- A brief review of real world knowledge management initiatives.

‘A History of KM’ (KM Education - Module 1.2) describes the above in detail and is a good reference to prepare the above.

Some of the key questions that should be debated during the workshop are;

1. Where are we now as an organisation? The strategy, mission and values of the company?
2. Where do we want to be? Vision, objectives and goals?
3. What are the priorities? Key drivers, critical success factors?
4. What measurement will best capture the success for each of these critical success factors?
5. For each of the critical success factors, which are the key people involved.
6. What are the processes involved with achieving these critical success factors?

7. In which areas are competitors performing better or are catching up with the organisation?
8. What are the major problems facing the organisation?
9. What are the key skills that our organisation needs to adopt during the next five years to gain/maintain competitive advantage?
10. What are the organisation's key knowledge assets?
11. What measurement will best capture the success for each of these critical success factors?

Critical success factors

Critical success factors have been defined by Rockart in his HBR article in 1979 as those areas that must be given special and continual attention to bring about high performance. Typical CSFs are

- Attracting a new customer base
- Outstanding customer service
- Comparably low service cost
- Lead Generation
- Customer database
- Strategic relationships

Improvement needs

One of the ways to identify improvement needs is to list important performance areas and rate your organisation relative to the main competitors. Some examples of performance areas are;

- Service quality
- Cost
- Market share
- Return on Assets
- Customer satisfaction
- Growth

A discussion on the above issues will give the KM Initiation team enough data to establish the vision, strategy and objectives of the organisation, the critical success factors and the business areas and people associated with them.

2.0 Conduct individual interviews

If getting together all the important senior executives for a workshop is difficult, then the KM initiation team could begin by brainstorming the above questions. The team can use the SWOT analysis as a useful technique to identify their strengths (core competencies), weaknesses and opportunities (improvement needs) and opportunities and threats (critical success factors). The tool is described in detail in Appendix 1. After the brainstorming, each team member should interview 2-3 senior executives asking the same questions (you could use the above questions or modify them to suit the industry, audience but having the same essence) and recording the results.

The responses should be broken down into the following categories;

- Vision, strategy and objectives.
- Critical success factors.
- Improvement needs.
- Key processes.
- Key people.

These responses should be added to the original brainstorming list. These should then be prioritised or rated in numerical order or using the following categories;

- Critical.
- Very important.
- Important.
- Not important.

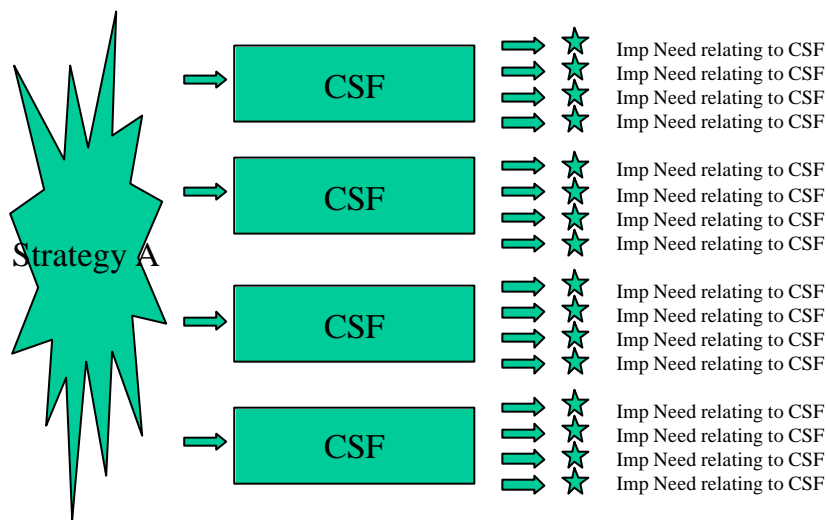
This can be done by using a narrowing technique like N/3, Simple Rank order, Prioritisation Grid.

3.0 Analysis

As has been emphasised earlier, knowledge management needs to be linked to the key business challenges and opportunities within the organisation. From the workshop and interviews, the KM Initiation team would get a fair idea of the vision and strategy of the company and the associated opportunities and challenges.

Using the following diagrams, the KM Initiation team should link each of the salient features of the firm's strategy to the opportunities and improvement needs of the company, the critical success factors, key processes and the key people in the organisation. The team can use the AA Universal process classification scheme as a reference to determine the processes they should focus on.

Linking Strategy to Improvement Needs

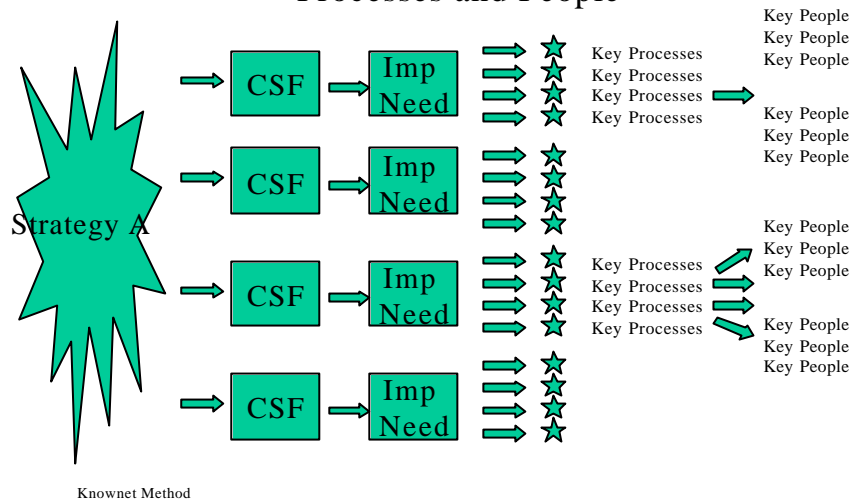


Knownet Method

Adapted from Roos et al (1997)

Based on the data collected, the KM Initiation Team should attempt to link each of the critical success factors with a measurable parameter. There is no denying that measurement of knowledge is one of the most difficult tasks. However, almost all successful knowledge management programs demonstrate clearly defined links to the value proposition - its bottom line being a contribution to business benefits. Therefore, it is important that the right measures are identified at the outset of the project.

Linking Strategy and Improvement Needs to Processes and People



However, there is a possibility of a scenario wherein knowledge management redefines the company's strategy, vision and objectives. In that case, knowledge is automatically embedded in the strategy and above activities are redundant.

4.0 Select the key business area and process of focus

It is important to focus the knowledge management efforts based on a set of clear objectives, to start small and test thoroughly. The ideal is to test the process and cultural changes (not just the software) on a small scale, then refine, and apply the techniques to other business problems across the organisation. The next step is therefore to select a key business area or process of focus where the initiative should begin.

Case in point:

The goal for Airline x is to improve profitability. Critical success factor for an airline is to keep their planes in the air for as much time as possible. Airline x identified its improvement need to be “reducing turnaround time on the ground- at the gate or in the hanger for maintenance”. i.e. provide readily accessible and clear documentation to the mechanic so that he can finish the repair fast and get the plane going. In this case, the airline has a critical need to focus KM resources on preventing airline mechanics from hunting and gathering and making the needed information readily accessible to them.

The activities so far, should give the KM initiation team a good understanding of the organisation’s direction, problems, strengths and challenges. Based on the analysis of this information, the team should now move on to identifying the key business area or process that has a big impact on the organisation. The team could focus on the following diagnostic questions as guidelines while keeping in mind the results of the business analysis;

- What are the biggest bottlenecks in delivering services to our customers?
- Where does the scope for improvement lie?
- Are exciting ideas emerging within the company but failing to be commercialised?
- What has the biggest negative impact on customer satisfaction?
- Where is the biggest opportunity for saving time, resources, and money?
- What is the root cause of the problems we are facing?
- Where have we lost ground recently in comparison to our competitors?
- Where can we potentially lose ground?
- How can a knowledge management infrastructure help us address this problem or opportunity?

The team can develop a business blueprint for the entire organisation and then try and identify the business area of focus or it could use the AA Universal process classification scheme as a reference to determine the processes they should focus on. The tool has been described in Appendix 2.

However, in the case that level of awareness or the perceived need for knowledge management is very low or the senior management in charge of the key business area or a function has not bought into the concept, the KM initiation team could decide to start from “low hanging fruits”, to register some quick wins and convince the others of the benefits and need of better management of knowledge.

Appendix 1

SWOT Analysis

A SWOT Analysis is a concerted effort to identify " what is" - where the organisation is today. This involves an in depth, simultaneous study of both the organisation's internal *strengths and weaknesses* and those significant factors outside the organisation that may positively or negatively impact its future, the external *opportunities and threats* confronting the organisation. A realistic appraisal of where the organisation stands today should form the crux of where it wants to go with or without knowledge management.

As part of the analysis, determine the strengths, weaknesses, opportunities and threats for your organisation / unit division. Describe the implications in knowledge management context. Use it to come up with a one-line strategy that will describe what you want to achieve.

Definition:

Strength:

Any existing or potential resource or capability within the organisation that provides a competitive advantage in the market.

Weakness:

Any existing or potential internal force, which could serve as a barrier to maintaining or achieving a competitive advantage in the market.

Opportunity:

Any existing or potential force in the external environment that, if properly exploited, could provide a competitive advantage.

Threat:

Any existing or potential force in the external environment that could inhibit the maintenance or attainment of a competitive advantage.

Process:

Internal Audit

The following issues should direct the internal audit (strengths & weaknesses):

1. The status of each of the organisation's business areas and its untapped resources. A table such as the one below, could be used;
2. The organisation's strategic profile, especially its level of creativity, its usual levels of risk taking and its approach to competition.
3. The resources of the system to execute the several strategies that that the organisation has chosen to achieve its mission, including its structure and management talent.
4. An analysis of the current organisational structure.

	Critical success factors	Improvement needs(current state)
1		
2		
3		
4		

Questions to ask

Strengths (Analyse the internal environment).

- ? What strengths are unique to our division?
- ? What strengths are unique to our company?
- ? What is truly distinctive about our company?
- ? What differentiates us from our competition?
- ? What are our key value drivers?
- ? What has the greatest influence on our stock evaluation?

Weaknesses.

- ? What knowledge do we lack?
- ? What skills do we lack?
- ? What systems do we need to change?

Internal Analysis Worksheet

Area being analysed:

- _____ Total organisation
- _____ Business Area
- _____ Business Process

Strengths	Weaknesses
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Implications for strategic planning for knowledge management:

External Audit

The KM Initiation team must study the competitors, suppliers, markets and customers, economic trends and government regulations on all levels that can affect the organisation positively or negatively. This information should include a consideration of both current and future trends.

The KM Initiation Team can begin by looking at the following environments:

1. The industry environment: They need to track what is occurring in the environment of its particular industry. The factors that can be considered include potential modifications in the industry structure, changes in the industry technology, the introduction of new products or services, the opening of new markets etc.

2. The competitive environment: One of the most important sets of data is the competitor analysis, which profiles organisations that are in the same business or aiming for the same market segment of client or customers.

Questions to ask

Opportunities (Analyse the external environment)

- ? What additional services can we offer existing clients?
- ? What new market should we investigate?

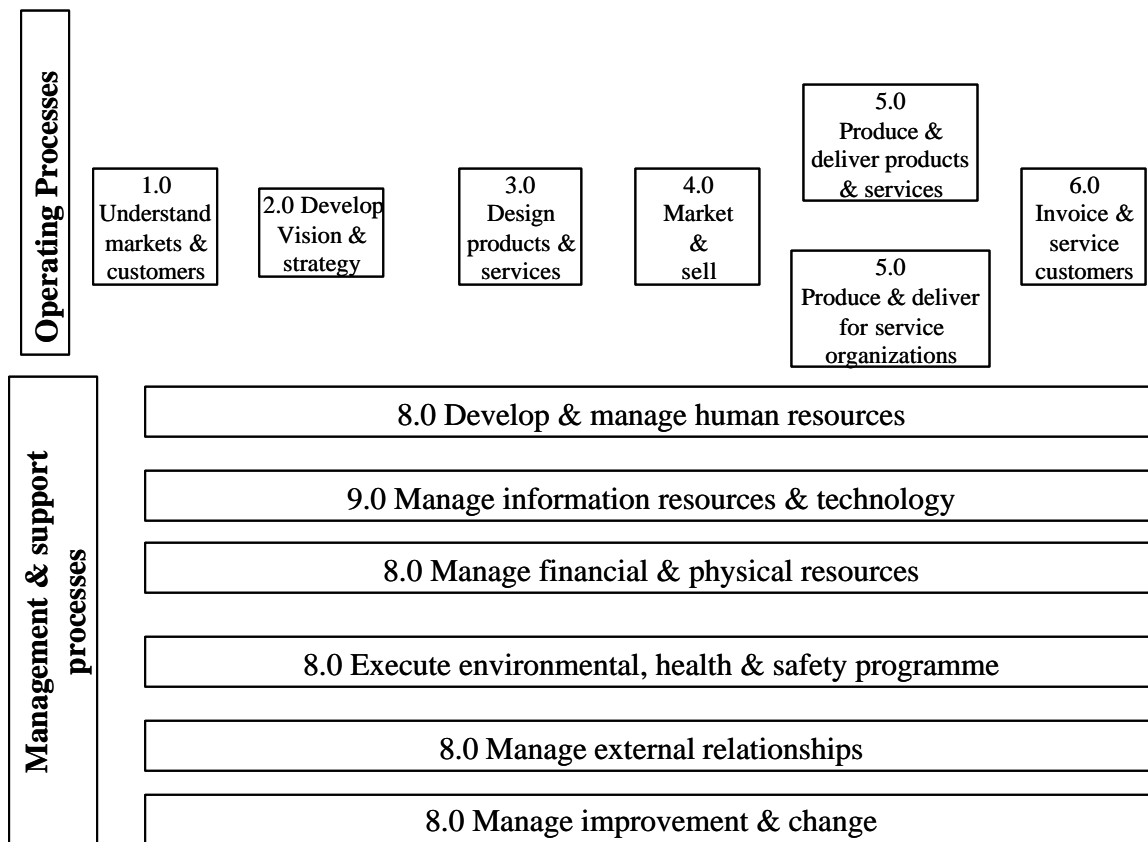
Threats

- ? Who are our existing competitors?
- ? What new companies might start up?
- ? What environmental issues might cause us concern?

External Analysis Worksheet	
Area being analysed:	
_____ Total organisation	
_____ Business Area	
_____ Business Process	
Threats	Opportunities
Implications for strategic planning for knowledge management:	

Appendix 2

AA Process Classification Scheme



1. Understand Markets and Customers

1.1 Determine Customer Needs and Wants

- 1.1.1 Conduct qualitative assessment
- 1.1.2 Conduct quantitative assessment
- 1.1.3 Predict customer purchasing behaviour

1.2 Measure Customer Satisfaction

- 1.2.1 Monitor Satisfaction with Products and Services
- 1.2.2 Monitor satisfaction with complaint resolution

- 1.2.3 Monitor satisfaction with communication
- 1.3 Monitor Changes in Market or Customer Expectations
 - 1.3.1 Determine weaknesses of product/service offerings
 - 1.3.2 Identify new innovations that are meeting customer needs
 - 1.3.3 Determine customer reactions to competitive offerings

2. Develop Vision and Strategy

- 2.1 Monitor the External Environment
 - 2.1.1 Analyse and understand competition
 - 2.1.2 Identify economic trends
 - 2.1.3 Identify political and regulatory issues
 - 2.1.4 Assess Technology Innovations
 - 2.1.5 Understand demographics
 - 2.1.6 Identify social and cultural changes
 - 2.1.7 Understand ecological concerns
- 2.2 Define the Business Concept and Strategy
 - 2.2.1 Select relevant markets
 - 2.2.2 Develop long term vision
 - 2.2.3 Formulate business unit strategy
 - 2.2.4 Develop overall mission statement
- 2.3 Design the Organisational Structure
 - 2.3.1 Manage International Operations
 - 2.3.2 Outsource Noncritical Functions
 - 2.3.3 Franchise Products and Services
 - 2.3.4 Create Shared Services Centres
 - 2.3.5 Build Strategic Alliances
- 2.4 Develop and set organisational goals

3. Design Products and Services

- 3.1 Develop New Product/Service Concept and Plans
 - 3.1.1 Translate Customer Wants and Needs into Product and/or Service Requirements
 - 3.1.2 Plan and deploy quality targets
 - 3.1.3 Plan and Deploy Cost Targets
 - 3.1.4 Develop product life cycle and development timing cycles
 - 3.1.5 Develop and integrate leading technology into product/service concept
- 3.2 Design, Build, and Evaluate Prototype Products or Services
 - 3.2.1 Develop product /service specifications
 - 3.2.2 Conduct concurrent engineering
 - 3.2.3 Implement value engineering

- 3.2.4 Document design specifications
- 3.2.5 Develop prototypes
- 3.2.6 Apply for and Manage Patents
- 3.3 Refine Existing Products/Services
 - 3.3.1 Develop product/service enhancements
 - 3.3.2 Eliminate quality reliability problems
 - 3.3.3 Eliminate outdated products/services
- 3.4 Test Effectiveness of New or Revised Products/Services
- 3.5 Prepare for Production
 - 3.5.1 Develop and test prototype production process
 - 3.5.2 Design and obtain necessary material and equipment
 - 3.5.3 Install or verify process/methodology
- 3.6 Manage the Product/Service Development Process

4. Market and Sell

- 4.1 Market products/services to relevant customer segments
 - 4.1.1 Identify Market Segments
 - 4.1.2 Select Channels of Distribution
 - 4.1.3 Develop Pricing Strategy
 - 4.1.4 Estimate advertising resource and capital requirements
 - 4.1.5 Develop Sales Forecast
 - 4.1.6 Develop sales forecast
 - 4.1.7 Sell products and services
 - 4.1.8 Negotiate terms
- 4.2 Process customer orders
 - 4.2.1 Sell to Customers through a Field Sales Force
 - 4.3.2 Process Customer Orders

5. Produce and Deliver Products and Services

- 5.1 Plan for and acquire necessary resources
 - 5.1.1 Select and Manage Suppliers
 - 5.1.2 Purchase capital goods
 - 5.1.3 Purchase Materials and Supplies
 - 5.1.4 Manage Service Contracts
- 5.2 Convert resources or inputs into products
 - 5.2.1 Develop and adjust production delivery process
 - 5.2.2 Schedule production
 - 5.2.3 Move materials and resources
 - 5.2.4 Make product
 - 5.2.5 Package product
 - 5.2.6 Warehouse or Store Product

5.3 Transport and Deliver Materials and Products

- 5.3.1 Arrange product shipment
- 5.3.2 Deliver products to customers
- 5.3.3 Install product
- 5.3.4 Confirm specific service requirements for individual customers
- 5.3.5 Identify and schedule resources to meet service requirements
- 5.3.6 Provide the service to specific customers

5.4 Manage production and delivery process

- 5.4.1 Document and monitor order status
- 5.4.2 Manage Inventories
- 5.4.3 Ensure product quality
- 5.4.4 Schedule and perform maintenance
- 5.4.5 Monitor environmental constraints

6. Produce and Deliver for Service Oriented Organisations

6.1 Plan for and acquire necessary resources

- 6.1.1 Select and Manage Suppliers
- 6.1.2 Purchase Materials and Supplies
- 6.1.3 Manage Service Contracts

6.2 Develop Human Resources Skills

- 6.2.1 Define skill requirements
- 6.2.2 Identify and implement training
- 6.2.3 Monitor and manage skill development

6.3 Deliver service to the customer

- 6.3.1 Confirm specific service requirements for individual customer
- 6.3.2 Identify and schedule resources to meet service requirements
- 6.3.3 Provide the service to specific customers

6.4 Ensure quality of service

7. Invoice and Service Customers

7.1 Bill the Customer

- 7.1.1 Develop, deliver and maintain customer billing
- 7.1.2 Invoice the customer
- 7.1.3 Respond to billing inquiries

7.2 Provide Customer Service

- 7.2.1 Provide post sales service
- 7.2.2 Handle Warranties and Claims

7.3 Respond to customer inquiries

- 7.3.1 Respond to Information Requests
- 7.3.2 Manage customer complaints

8. Develop and Manage Human Resources

- 8.1 Create and Manage Human Resource Strategy
 - 8.1.1 Identify organisational strategic demands
 - 8.1.2 Determine human resource costs
 - 8.1.3 Define human resource requirements
 - 8.1.4 Define human resource's organisational role.
- 8.2 Cascade strategy to work level
 - 8.2.1 Develop Leadership Competencies
 - 8.2.2 Expand Finance Competencies
 - 8.2.3 Define work competencies
- 8.3 Manage deployment of personnel
 - 8.3.1 Plan and forecast workforce requirements
 - 8.3.2 Recruit, Select, and Hire Employees
 - 8.3.4 Manage International Assignments
 - 8.3.5 Create and Deploy Teams
 - 8.3.6 Restructure and rightsize workforce
 - 8.3.7 Manage employee retirement
 - 8.3.8 provide outplacement support
- 8.4 Develop and Train Employees
 - 8.4.1 Align employee and organisation development needs
 - 8.4.2 Develop and manage training programs
 - 8.4.3 Develop and manage employee orientation programs
 - 8.4.4 Develop functional/ process competencies
 - 8.4.5 Develop management/leadership competencies
 - 8.4.6 Develop team competencies
- 8.5 Motivate and Retain Employees
 - 8.5.1 Manage Base and Variable Compensation
 - 8.5.2 Manage Employee Performance, Reward, and Recognition
 - 8.5.3 Ensure Employee Involvement
- 8.5.4 Evaluate work for market value and internal equity
 - 8.5.5 Develop and Manage Work/Life Programs
 - 8.5.6 Manage Diversity
- 8.6 Manage Labour-Management Relationships
 - 8.6.1 Manage employee satisfaction
 - 8.6.2 Develop work and family support systems
 - 8.6.3 Manage and administer employee benefits
 - 8.6.4 Manage workplace health and safety
 - 8.6.5 Manage internal communications
 - 8.6.6 Manage and support workforce diversity
- 8.7 Ensure employee involvement
- 8.8 Manage labour management relationships

- 8.8.1 Manage collective bargaining process
- 8.8.2 Manage labour management partnerships
- 8.9 Develop Human resource information system

9. Manage Information Resources and Technology

- 9.1 Manage Information Resources
 - 9.1.1 Manage Records and Documents
 - 9.1.2 Leverage Data and Information
 - 9.1.3 Leverage Organisational Knowledge
 - 9.1.4 Establish enterprise data standards
 - 9.1.5 Establish quality standards and controls
- 9.2 Manage Information Technology
 - 9.2.1 Conduct specific needs assessments
 - 9.2.2 Acquire, Develop, Deploy and Support Application Solutions
 - 9.2.3 Support Users
 - 9.2.4 Manage Technical Environment
 - 9.2.5 Test, evaluate and deploy enterprise support systems
- 9.3 Implement systems security and controls
 - 9.3.1 Establish systems security strategies and levels
 - 9.3.2 Test, evaluate and deploy systems security and controls
- 9.4 Manage information storage and retrieval
 - 9.4.1 Establish information repositories (databases)
 - 9.4.2 Acquire and collect information
 - 9.4.3 Store information
 - 9.4.4 Modify and update information
 - 9.4.5 Enable retrieval of information
 - 9.4.6 Delete information
- 9.5 Manage facilities and network operations
 - 9.5.1 Manage centralised facilities
 - 9.5.2 Manage distributed facilities
 - 9.5.3 Manage network operations
- 9.6 Manage information services
 - 9.6.1 Manage libraries and information centres
 - 9.6.2 Manage business records and documents
- 9.7 Facilitate information sharing and communication
 - 9.7.1 Manage external communications systems
 - 9.7.1 Manage internal communications systems
 - 9.7.2 Prepare and distribute publications
 - 9.7.3 Evaluate and audit information quality

10. Manage Financial and Physical Resources

- 10.1 Manage financial resources
 - 10.1.1 Develop Budgets
 - 10.1.2 Manage Resource Allocation
 - 10.1.3 Design Capital Structure
 - 10.1.4 Manage Cash Flow
 - 10.1.5 Manage Financial Risk
- 10.2 Process finance and accounting transactions
 - 10.2.1 Process Accounts Payable
 - 10.2.2 Process Payroll
 - 10.2.3 Process Accounts Receivable, Credit, and Collections
 - 10.2.4 Close the Books
 - 10.2.5 Process benefits and retiree information
 - 10.2.6 Manage Travel Expenses
 - 10.2.7 Implement a Transfer Pricing Policy
- 10.3 Report information
 - 10.3.1 Provide external financial information
 - 10.3.2 Provide Internal Financial Information
- 10.4 Conduct Internal Audits
- 10.5 Manage the Tax Function
 - 10.5.1 Ensure Federal Tax Compliance
 - 10.5.2 Ensure State and Local Tax Compliance
 - 10.5.3 Ensure International Tax Compliance
 - 10.5.4 Manage Tax Controversies
- 10.5.5 Communicate tax issues to management
- 10.5.6 Manage tax administration
- 10.6 Manage physical resources
 - 10.6.1 Manage Capital Planning
 - 10.6.2 Manage Fixed Assets
 - 10.6.3 Manage Facilities
 - 10.6.4 Manage Physical Risk
- 10.7 Manage Integrity Risk

11. Execute Environmental, Health and Safety Management Program

- 11.1 Formulate EHS Management Strategy
- 11.2 Ensure compliance with regulations
- 11.3 Manage Design for Environment Program
- 11.4 Implement pollution prevention program
- 11.5 Manage remediation efforts
- 11.6 Implement emergency response programs
- 11.7 Manage government agency and public relations

- 11.8 Manage acquisition/divestiture environmental issues
- 11.9 Develop and manage environmental information system
- 11.10 Monitor environmental management program

12. Manage External Relationships

- 12.1 Communicate with Shareholders
- 12.2 Manage Government Relationships
- 12.3 Build Lender Relationships
- 12.4 Develop Public Relations Program
- 12.5 Interface With Board of Directors
- 12.6 Develop community relations
- 12.7 Manage legal and ethical issues

13. Manage Improvement and Change

- 13.1 Measure Organisational Performance
 - 13.1.1 Create measurement systems
 - 13.1.2 measure product and service quality
 - 13.1.3 Measure cost of quality
 - 13.1.4 Measure costs
 - 13.1.5 Measure cycle time
 - 13.1.6 measure productivity
- 13.2 Conduct quality assessments
 - 13.2.1 Conduct quality assessments based on external criteria
 - 13.2.2 Conduct quality assessments based on internal criteria
- 13.3 Benchmark performance
 - 13.3.1 Develop benchmarking capabilities
 - 13.3.2 Conduct process benchmarking
 - 13.3.3 Conduct competitive benchmarking
- 13.4 Improve processes and systems
 - 13.4.1 Create commitment for improvement
 - 13.4.2 Implement continuous process improvement
 - 13.4.3 Reengineer business processes and systems
 - 13.4.4 Manage Transition to Change
- 13.5 Implement TQM
 - 13.5.1 Create commitment for TQM
 - 13.5.2 Design and implement TQM systems
 - 13.5.3 Manage TQM life cycle

Appendix 3

Prominent KM Strategies

The APQC¹ 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.

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.

¹ APQC Consortium – <http://www.apqc.org>

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.