

# **Knowledge Management Consulting Method**

## **Part 3 – Strategic Planning**

### **Module 3.5 – Developing the Business Case for KM**

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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.

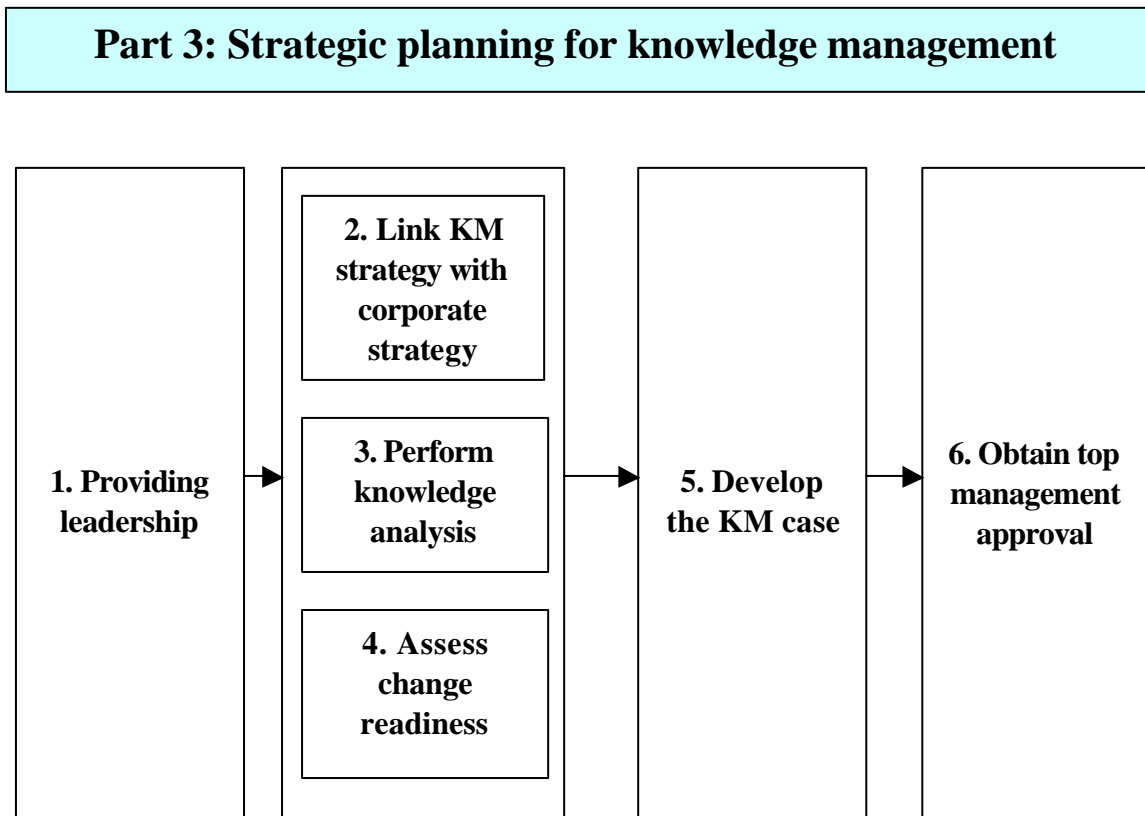
Lastly Part 6 focuses on the knowledge and skills required to successfully conduct KM on a daily basis. This involves fundamental skills, such as utilising the KM system and working effectively as virtual teams through to understanding the new roles and responsibilities of the Chief Knowledge Officer, 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"> <li>○ Identify vision, strategy and objectives</li> <li>○ Identify critical success factors</li> <li>○ Link strategy to critical success factors, improvement needs, key people and processes</li> </ul> ? 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"> <li>○ Develop performance measurement and evaluation plan</li> <li>○ Determine resource and funding requirements</li> <li>○ Develop awareness generation and education plan</li> <li>○ Determine the implementation Schedule</li> </ul>
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 3.5 – Developing the Business Case for KM***

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## Module 3.5 – Developing the Business Case for KM

### 1.0 Why develop a business case?

The most obvious reason for putting together a business case is to justify the resources necessary to bring a knowledge management project to fruition. However, it serves three other important purposes:

1. The business case is an excellent planning tool for the change agent and his/her team. The writing of the business case forces the KM Initiation team to sit back and reflect on the work they have done and the work they have to accomplish in the coming months. It provides a vehicle for the team to step back and subjectively review their facts and assumptions.
2. The case serves as a communication vehicle for sharing the project with the others. The KM business case is one place where all relevant facts are documented and linked together into a cohesive story. The story tells people about the what, when, where, how and why of the KM project.
3. The development of the business case simplifies the financial justification for the KM initiative.

### 2.0 What is a business case?

The business case for knowledge management is a powerfully persuasive justification for the initiative and includes a preliminary detail of the need for knowledge management, the scope of the project, resource requirements, implementation schedule and awareness generation and change management plan. The business case for knowledge systems has many facets- both quantifiable and non-quantifiable benefits, short and long term returns. To be effective the case must be;

- Brief and well articulated.
- Logical and compelling.
- Qualitative and quantitative.

Above all, it must build a strong sense of urgency. It must drive people to action.

Some of the important sections in a business case are summarised below. Not all projects will require all the sections; they should be tailored to meet the need of the audience and the project.

## 2.1 Executive Summary

The executive summary provides management with a short snapshot (one to three pages) of the business case. The focus of the executive summary should be on the bottom line benefits to the organisation. The remainder of the business case provides the detail and analysis to support the statement made in the summary.

## 2.2 The need for knowledge management

The very first question that the business case for knowledge management needs to address is why is there an urgent need for explicit management of knowledge and how will the initiative help the organisation in the achievement of its goals. In other words, what will be the benefits from this initiative preferably both in qualitative and quantitative terms. The benefits could span a big range. Some examples follow:

- Reduced cycle time.
- Reduced costs.
- More efficient use/reuse of knowledge assets.
- Enhanced functional effectiveness.
- Increased organisational adaptability.
- Increased value of existing product and services.
- Create new knowledge intensive products, processes and services.

This section should provide the situational assessment and problem statement, which will draw heavily from steps two and three.

## 2.3 Project Description

This section describes the desired end state for the KM initiative. The end state provides the framework for the solution definition. Things to include are KM strategy or goals, a high level description of the solution – it should paint a picture for the reader of what the end state will look like, description of the key business area or process selected to begin the project and the justification for doing so.

## 2.4 Solution Detail

This section of the business case should take the audience through all the other aspects of the solution, which would include;



### 2.4.1 Performance measurement and evaluation plan

Performance measurement and evaluation plans form an integral part of the business case. For more information on performance measurement and evaluation plan, see module 5.5.

### 2.4.2 Resource and Funding Requirements

The magnitude of the total resources used in the KM initiative depends on the scope of the project and the key business area or process selected. To control the resources expended and minimise duplication of effort, the KM Initiation team should draw up detailed cost structure for the KM team, development, testing and any ongoing maintenance or administrative costs. Begin by compiling a simple Gantt chart similar to the one below. This can be later expanded to include a column on responsibilities.

Task	Time (hrs)	Cost (capital)
<b>Providing leadership</b>	5	50
Meet the CEO/MD/Top management		
Form the KM Initiation TEAM		
<b>Linking corporate strategy to KM strategy</b>		
Organise workshop		
Conduct Interviews		
Perform analysis		
<b>Perform knowledge analysis</b>		
Determine knowledge orientation		
Determine critical knowledge assets		
Audit KM infrastructure		
<b>Assess change readiness</b>		
Perform change readiness assessment		
Perform stakeholder analysis		
<b>Develop the business case</b>		
<b>Present the business case</b>		
<b>Stage II Developing the KM organisation</b>		
<b>TOTAL</b>		



## 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.