

KNOWLEDGE MANAGEMENT

21ST CENTURY CURRENCY

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What is Knowledge Management

What is knowledge management?

“Knowledge management is leveraging relevant intellectual assets to enhance organizational performance.”

Stankosky, 2002



KM Pays Off—True KM Implementation and Results

- Dow Chemical: \$100m
- Silicon Graphics: \$2.8m
- Texas Instruments: \$500m (cost avoidance)
- Computer Sciences Corp: \$5.8b
- Chevron: \$150m
- Cemex: (average delivery time 20 minutes)
- Ford: 3 month reduction in cycle time
- Cisco: One hour virtual financial close




KNOWLEDGE ASSET

- ◆ INTELLECTUAL ASSET/CAPITAL
- ◆ HUMAN CAPITAL
- ◆ MARKET CAPITAL
- ◆ STRUCTURAL CAPITAL
- ◆ PROCESS CAPITAL
- ◆ RENEWAL CAPITAL
- ◆ INTANGIBLE ASSETS



VALUE DRIVERS

- ◆ CUSTOMER
- ◆ COMPETITOR
- ◆ EMPLOYEES
- ◆ INFORMATION
- ◆ PARTNER
- ◆ PROCESS
- ◆ PRODUCT/SERVICE
- ◆ TECHNOLOGY



“Intellectual capital is what it’s all about. Releasing the ideas of your people is what we’re trying to do, what we’ve got to do if we’re going to win.”

Jack Welch



Why is there a need to account for intangible assets?

- Intangible assets account for 70% of the value of a business enterprise and they are not adequately represented in current accounting methodologies (GAAP).
- There is increasing discrepancy between the market values of many corporations and the values of their shareholder equity when measuring their book value in accordance with GAAP. Market-to-book ratio for companies has gradually risen to about in the late 1990s (Lev, 2000 4). For every one dollar on a companies books, there are five dollars unaccounted for.

What is the driver for the need to account for intangible assets?

- We are in the information age, which is dominated by service org anizations (Hope and Hope,1997)--1995 is remembered as the year companies serving industry outnumbered those in industry in the US (Sveiby 1997 20)
- Services have increased steadily as a share of measured total output in the economy and the delivery of high -end skilled services and professional services involves substantial input of intangibles. (Blair and Wallman, 2000 p 12)
- Capital accumulation has more than doubled in the last 10 years and the bulk of this growth is attributed to information technology (Bosworth and Triplett 2000)



KM TRENDS (1)

“THROUGH 2006, 40 PERCENT OF KM PROGRAMS WILL FOCUS ALMOST ENTIRELY ON INFORMATION MANAGEMENT, RESULTING IN IMPROVED ACCESS BUT LITTLE LONG-TERM BENEFIT (0.7 probability).”

Action item: If good information management is not in place, then KM may not be as effective as needed. IM cleanup should be done in tandem with KM.

Gartner Group



KM TRENDS (2)

“THROUGH 2007, THREE-FOURTHS OF ENTERPRISE PRODUCTIVITY GAINS WILL BE ATTRIBUTABLE TO KM AND OTHER KNOWLEDGE WORK ENHANCEMENTS (0.8 probability).”

Action item: Before consideration of products, build a KM design framework for integrating business processes, knowledge requirements and knowledge sources.

Gartner Group




KM TRENDS (3)

“THROUGH 2004, ENTERPRISES WILL BE REQUIRED TO INTEGRATE MULTIPLE PRODUCTS FOR KM, PROCESS AND WORK MANAGEMENT, AND COLLABORATION (0.7 probability).”

Action item: Undertake a comprehensive assessment of your infrastructure as a platform for KM



Gartner Group



KM TRENDS (4)

“BY 2006, KM HYPE WILL SUBSIDE AS KM IS ACCEPTED AS A VALID ACADEMIC AND BUSINESS DISCIPLINE WITH FORMAL CERTIFICATIONS, CREDENTIALS, AND PROVEN PRACTICES (0.8 probability).”

Action item: Enterprises should staff their KM program with the full range of skills and an adequate number of people to build and sustain the KM program and its users. Gartner Group



QUESTIONS

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