Chapter 2.32
Knowledge Management Strategy Formation

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INTRODUCTION

Knowledge-based organizations (Holsapple & Whinston, 1987; Paradice & Courtney, 1989; Bennet & Bennet, 2003) are intentionally concerned with making the best use of their knowledge resources and knowledge-processing skills in the interest of enhancing their productivity, agility, reputation, and innovation (Holsapple & Singh, 2001). A key question that confronts every knowledge-based organization is concerned with how to approach the task of forming a KM strategy. Beyond aligning KM strategy with an organization's vision and overall strategy for achieving its mission, how does the creator of a KM strategy proceed? How is the created (or adopted) KM strategy communicated and evaluated? What can be done to avoid blind spots, gaps, and flaws in the strategy?

One way to begin to answer such questions is to study successful cases of organizational knowledge management (e.g., see Smith & McKeen, 2003; O'Dell et al., 2003; van der Spek, Hofer-Alfeis, & Kingma, 2003; Bennet & Porter, 2003; Oriel, 2003; Wolford & Kwiecien, 2003; Kelly & Bauer, 2003; DeTore & Balliet-Milholland, 2003). Such cases can give specific KM strategies to consider emulating or adapting. They can lead to an understanding of various issues to consider in the act of forming a KM strategy. Other cases can even identify dysfunctional elements to avoid during KM strategy formation and use (Malhotra, 2003).

A complementary approach to answering such questions is to employ a general-purpose model as a guide for KM strategy formation. This can be used regardless of the nature of the organization or its particular circumstances. It guides the strategy formation process in the sense of providing a structure for identifying the KM activities that a strategy can or should address in its efforts to maximize performance. A KM director uses the model to assess where the organization presently stands with respect to each of the identified

activities, to consider new initiatives for each of the activities (customized to the organization's particular circumstances), and to furnish dimensions for evaluating competitive standing.

Here, we examine the Knowledge Chain Model for guiding KM strategy formation. It is important to understand that this is not a process model that specifies some sequence of steps to be followed in devising KM strategies. Rather, it is a model that identifies key factors that need to be considered in the development of KM strategies. These factors are "key" in the sense that they are potential sources of greater competitiveness. They are areas of activity that, if performed better than competitors, will yield superior organizational performance through better productivity, agility, innovation, and/or reputation. Creators of KM strategies need to pay close attention to the techniques and technologies selected and deployed in each of the key activity areas in both their own organizations and in other (e.g., competing) organizations.

BACKGROUND

The notion of a strategy has varied meanings (Mintzberg & Quinn, 1996). Here, we regard strategy as being a systematic plan of action for deliberately using an organization's resources in ways that fulfill its purpose (e.g., mission, duty, vision). A knowledge management strategy, then, is a plan for marshaling and applying knowledge-oriented resources in the interest of supporting the organization's purpose. These knowledge-oriented resources include the organization's knowledge processing capabilities and its knowledge assets (Holsapple & Joshi, 2004). The classes of knowledge assets include knowledge held by an organization's participants, various artifacts belonging to the organization (e.g., documents, manuals, videos), the organization's culture, and its particular infrastructure of roles, relationships, and regulations. The knowledge processing

capabilities include the skills of both individual participants (both human and computer-based processors) and collective participants (e.g., groups, teams, communities) in the organization.

Knowledge Processing Capabilities

An organization's knowledge processing capabilities can be categorized into those that are technologically based and those that are practice based. Capabilities can depend on a combination of these two. In any case, knowledge processing capabilities manifest in the actual activities that an organization performs as it operates on its knowledge assets. KM strategy determines what technologies and practices will be adopted in any given instance of a KM activity.

Information technology (IT) is being subsumed by knowledge technology. IT systems for automated transaction handling, record storage, and reporting remain important. However, the emphasis going forward is on technological systems that support knowledge amplification within and across organizations. This knowledge technology involves the use of computer and communication technologies to automatically acquire, derive, or discover knowledge needed by decision makers and researchers on a just-in-time basis. Knowledge technology fosters knowledge sharing and unleashes the creative potential inherent in knowledge-worker collaboration. It includes technology that measures and coordinates the activities of knowledge workers. Knowledge technology provides a basis for organizational memory and learning. It also involves technology to personalize timing and presentation of knowledge delivery according to knowledge-worker profiles.

Human cognitive and communicative acts are the other part of the KM equation. This part comprises knowledge practices and their alignment with an organization's vision and plans. These practices are based on knowledge ontologies, methods, techniques, metrics, incentives, and processes. They are concerned with issues of

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