Chapter 8
An Evaluation of Customer–Centric Benefits Associated with Knowledge Management

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ABSTRACT

Growing concern over the state of Knowledge Management (KM) in the Czech Republic has compelled both researchers and practitioners to document current trends. Our study in particular demonstrates that there is a growing awareness to promote KM as the appropriate vehicle to enhance and increase competitiveness and profitability no matter to what specific industry the enterprises may belong. Through KM adoption, the organisation develops a more customer-concentrated approach that sequentially increases internal efficiencies. Research in this area continues. It aspires to provide KM managers with the appropriate tools leading to successful KM implementation especially within the Czech Republic. This chapter analyses existing KM benefits and monitoring methods, and also explores a modified Cost-Benefit Analysis method focused on KM projects. It centres the customer and the general market environment as knowledge sources used to evaluate the appropriateness of a KM project.

INTRODUCTION

This chapter endeavours to discuss potential solutions to issues relative to successful Knowledge Management (KM) implementation based on the research within the Czech Republic. It offers an overview of the possibilities to the monitoring of benefits associated with the latter. Moreover, an existing evaluation system is applied to KM that includes a description, the particular steps as well as the activities required for implementation. To facilitate comprehension, illustrative examples are provided for each stage. The authors' intention is that the nature of this chapter and the discussion herein appeals to both the academician in addition to the KM practitioner.

This discussion comprises four main sections: KM benefits; the current situation in the Czech Republic; KM assessment methods and a recommendation of particular method modification. Although many are familiar with the concepts and tools examined in this chapter, the discussion is of particular interest given recent research specific to Czech small and medium-sized enterprises. As mentioned previously, much of the detail serves to enforce the practicality of various concepts thereby, rendering them more conducive to the manager and/or KM practitioner. If simplified appropriately, this chapter may serve as a working guideline.

KM benefits are reviewed as to their influence on the enterprise and in turn, how they affect the customer or end user of the specific products and services. From a Czech stance, findings compiled from questionnaires substantiate a national perspective. Nevertheless, the results can be used within a much wider context, even one of an international nature. Integral to this chapter is that it exposes the current Czech condition, and analyses various factors at play within this Central European country. The following section reassesses various methods available for evaluation purposes. Lastly, KM assessment instruments are appraised using concrete examples.

CUSTOMER-RELATED KNOWLEDGE MANAGEMENT BENEFITS

Generally, the benefits are divided into two categories. The first group is related directly to the KM project itself and is linked with the recognition of the knowledge processes, certain technologies usage, etc. Considering the latter, the benefits of KM implementation cover the following issues:

- improvement of knowledge sharing and better cooperation among employees,
- sharing of best practices within the company,
- improvement in learning and new employee integration,
- avoidance of the loss of know-how,
- enhancement of project quality and innovations,
- improvement with the external relationships (customers, competitors, etc.) and development,
- strategic readiness to handle unexpected events and the ability to cope with crisis and critical situations, etc.

The other category consists of the benefits connected directly with organisational business goals. Kim states that the fundamental and final objective of KM is to improve business operational processes and to better performance (Kim, 2003). In this vein, KM helps to meet "traditional" business objectives linked with commercial operations and includes:

- improvement of organisational efficiency,
- increased profits,
- maximised sales,
- costs reduction,
- implementation of new working methods,
- creation of new market opportunities, etc.

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