

Critical Success Factors for the Successful Introduction of an Intellectual Capital Management System

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It has long been recognized that one of the most valuable assets an organization possesses is the knowledge and experience of its employees. Yet, month by month, many organizations allow a great part of this knowledge to walk out the door as their employees leave. In some cases, even while the employee is still there, their knowledge is not captured and reused, as its value to the organization is not recognized.

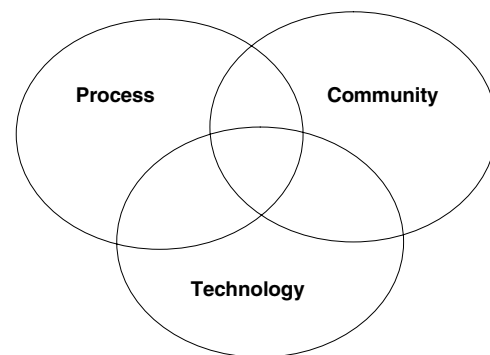
Several years ago, a well known car manufacturer was designing its next generation vehicle. Wishing to repeat a previous success, both in design and marketing, the company tried to identify what factors had contributed to this success. However, as the lessons learned from the previous exercise had not been documented, not to mention, no record existed of the team members who had worked on the original project, this valuable experience was ultimately lost. How different this could have been had they captured the intellectual capital resulting from the design and been able to build upon the best practices to help repeat their earlier success.

Organizations that put processes in place to capture their intellectual capital can substantially reduce costs due to time lost by employees reinventing the wheel and can often increase revenue by the reuse of selected assets.

Stewart, in his book *The Wealth of Knowledge: Intellectual Capital and the Twenty-First Century Organization* (2002) states:

It has become standard to say that a company's intellectual capital is the some of its human capital (talent), structural capital (intellectual property, methodologies, software, documents, and other knowledge artifacts, and customer capital (client relationships).” It is the “knowledge that transforms raw materials and makes them more valuable. (pp. 12-13)

Figure 1.



In most organizations, the majority of knowledge is held via various data storage mechanisms, usually computer based. However, its true value is realized only when it has context added to it by the application of the knowledge and skill of the practitioners involved in its creation and application.

For that reason, an intellectual capital management system (ICMS) has to be more than just an efficient data storage and retrieval system. An effective ICMS takes into account three components—technology, process, and community.

TECHNOLOGY

At the heart of any successful ICMS is an efficient data storage and retrieval system. The system has to be:

- Capable of holding large amounts of data in various formats;
- Able to be easily searched;

- Easily accessible by the user community with reasonable response times for downloading large data files;
- Secure enough to give the appropriate level of access to those who use it—readers, editors, submitters of content, and so forth; and
- Available during those hours when users need access.

In addition, the taxonomy used to categorize the content should be meaningful to the user population it serves. This may mean that data repositories could be categorized in different ways to suit different user communities; for example, a technical community may require content to be categorized according to different technologies, while a project-based community may require their content to be categorized to correspond to the stage or activity of the project. This may lead to separate repositories configured for different communities rather than a single, enterprise-wide one.

Each piece of intellectual capital held should have a meaningful summary that will enable users to validate the usefulness of the information contained without having to download large files unnecessarily.

Lastly, once a user has identified a suitable piece of intellectual capital, the content must be accurate and up to date. The success of an ICMS is dependent upon the users perceiving its content to have value for them so that they not only go to it as the primary source of reliable reusable content, but also contribute their own experiences to it, therefore adding to the value for others. Once users discover the content to be either inaccurate or out of date, they are unlikely to go back for a second try, and the system rapidly becomes dysfunctional.

PROCESSES

Once an ICMS system has been implemented, its usefulness and eventual success is dependent upon the amount of good quality content it holds. While it needs a critical mass of content before it is made available to the user community, that content has to be maintained and supplemented by an active user population. In order for that to happen, users should be encouraged to check:

1. for any relevant intellectual capital that can be reused at the start of any new initiative; and
2. if anything has been created that will have reuse value for others who will undertake similar activities and, if so, submit it for inclusion in the system.

This should happen as a natural part of the work environment and not be seen as an extra chore to add to the workload. To encourage this to happen seamlessly, the use of the system needs to be incorporated into accepted work processes, including:

- **Role Definitions and Responsibilities:** While it is encouraging to believe that all employees will naturally see the benefit of intellectual capital reuse and will generously donate time and expertise to the maintenance and updating of the content, in practice, this rarely happens. Already overworked employees will not volunteer to do activities they perceive as extra to their expected job responsibilities. In order to ensure they contribute to the system, its usage should be included in all appropriate job definitions; for example, a project manager should have the responsibility for ensuring that members of the team search for items that can be reused as part of the project task planning and for ensuring that all items that have reuse value are submitted to the ICMS as part of the project closure. This implies that time is allowed in the project plan for these activities to occur.
- **Goal and Reward Systems:** Many organizations link the usage of an ICMS into the individual business goals and commitments of their employees. While it is easy to set up targets for each employee to submit a certain number of items into the system, these are the least successful motivators for the creation of any real value and often fail for one of two main reasons:
 - i. The emphasis should be on the quality of the content submitted rather than quantity. Numeric submission targets usually result in an overload of submission processes for no great gain as employees search their

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