

## Chapter 11

# Facilitating Organizational Change With Knowledge Management

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### ABSTRACT

*This chapter will describe methodologies and strategies that can help knowledge management, business development, and other change-making professionals drive organizational change leveraging a knowledge management approach. It describes an end-to-end methodology to drive change with a combination of knowledge management methods. The methodology is structured in five steps: setting up transformation teams, discovering in-house knowledge, creating internal capabilities, facilitating experimental execution, and impact evaluation. Issues discussed in the literature review include the nature of organizational change, why organizations change and how, the need for innovation, why organizations resist change, and how knowledge management facilitates organizational change.*

### INTRODUCTION

It is an exciting time to be in a change-making role in business. The digital technology boom of the 1990s and 2000s has resulted in the continuous innovation and transformation of the way business is conducted. There are urgent global priorities that exist beyond the implementation of big data and artificial intelligence technologies, such as gender equality or environmental sustainability, that pose both challenges and opportunities to even forward-thinking firms. Furthermore, generational and cultural change, new employee expectations and ways of working, and the impact of the global pandemic are radically transforming companies.

In a context of rapid change, knowledge management (KM) is a key element in an organization's strategy. Knowing what, how, and when to change can determine the viability of a company. The increasing size of the digital transformation consulting market in 2017—\$23 bn globally, representing 15% of the entire consulting market—is an interesting measure of the complexity of today's business

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environment. The size of the global management consulting market belies how companies are trying to resolve these challenges by seeking external knowledge. More significantly, it displays how established companies are not trying to tackle the challenge of evolution by looking within their organizations and building on their existing knowledge.

Companies often mistrust or simply ignore the amount of knowledge they have within their organization. While worker know-how is touted as a desirable quality, most of the time it is not captured and made retrievable—it only resides in the minds of those employees who have it. The expertise remains invisible to the company and, when needed, companies cannot access this in-house knowledge. When internal knowledge is ignored, the risk of making bad decisions may increase, because external solutions or operating models may not be a good fit for the organization's culture.

KM's objective is to unleash the value of internal assets, but generating the consensus needed to implement a knowledge management capability is not an easy task for several reasons. One is that employees may lack motivation to share their knowledge. The available options for a technology stack are ever changing. Moreover, available KM applications frequently lack accessible user interfaces, and there are insufficient metrics for the utility of KM practices. Given the ease of hiring outside consulting firms and the difficulty of finding, classifying, and disseminating internal knowledge, KM projects infrequently manage to transcend brainstorming sessions and become actual. This is why practitioners highlight the importance of internalizing knowledge management into the organization's culture.

Internalizing knowledge management may improve the coordination between human resources (HR), IT, operations, and business development departments, taking the best practices and priorities from each, and putting together tools and methodologies to facilitate information sharing. Note that this is different from having a knowledge management department—the process of implementing KM strategies may lead to a centralized department, but effective knowledge management must be broader than a departmental task.

## **BACKGROUND**

Knowledge management is most necessary in a context of change, thus the literature review presents issues related to why organizational change happens. It dives into the issue of open innovation, a widely recognized approach to organizational change that highlights the need for collaboration. It reviews contributions in the KM discipline that point out what the role of KM capability may have.

### **Organizational Change, Exogenous or Endogenous**

Organizational change is what an organization does to adapt to a changing environment and survive. Change can occur at different levels: a change in the mission and strategy of the company, a change in the leadership team, in the organizational design, or in the technology, to name a few. Forces both external and internal can affect change. Examples of contemporary external change that push companies towards deliberate organizational change include the advancement of technology, a changing workforce, competitive pressures, and globalization (Burnes, 2004; By, 2005; Kotter, 1995).

Change can be conscious or unconscious, managed or unmanaged, and above all, it can be successful or unsuccessful. This chapter addresses the implementation of disruptive corporate strategies, which

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