

Chapter 128

Protecting Knowledge Assets

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INTRODUCTION

In tandem with the growth in knowledge management (KM) interest and practice over the past twenty years, competitive intelligence (CI) activities have also mushroomed. Although knowledge assets benefit from full collection and dispersion, such activities, particularly given their digital nature, also make proprietary knowledge more vulnerable to CI by competitors. Any firm looking to better manage knowledge assets needs to evaluate both the benefits and the potential losses from

spreading valuable knowledge more widely. In some cases, the optimal strategy may be refraining from full development of these intangible assets in order to effectively protect them. Strategic firms can also take some fairly simple steps to better protect their knowledge assets.

BACKGROUND

Although a few prominent exceptions exist, an implicit assumption in the field of knowledge management (KM) is that more is unambiguously better. More organizational knowledge should be identified, more should be captured or catalogued, and more should be distributed or made accessible so as to leverage these knowledge assets for competitive advantage. Theoretically, if all members

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of the firm held or at least had access to the full knowledge assets of the entity, that firm would maximize its potential competitive advantage from better knowledge management.

But if knowledge is valuable to a specific firm, it is often of similar or even greater value to competitors. Organized efforts defined by the field of competitive intelligence exist to target and obtain specific competitor knowledge. As a result, there is a growing sense among practitioners that proprietary knowledge assets need to be protected. Academics are increasingly recognizing the same issue. A balance must be struck between how much knowledge is to be developed and shared and how much it is to be protected.

Striking the correct balance has much to do with pronounced trends in both knowledge management and several other related areas. This article will detail those trends and the implications for KM programs.

PROTECTING KNOWLEDGE ASSETS

Knowledge management (KM), as a field, is based on better identifying and then utilizing the knowledge assets of the organization. A vast trove of strategies and techniques exist for accomplishing all the related activities, which we won't review here, but these choices almost invariably involve distributing knowledge with few restrictions—the attitude can be expressed as the more access to the knowledge assets, the better. Ideally, all employees of the firm can get to knowledge pertaining to any problems or questions they might need addressed. And superior management of knowledge assets leads to competitive advantage (Gupta & Govindarajan, 2000)

Within the KM community, some concern has arisen about knowledge assets getting into unintended hands, a problem of “leakage”, but very little of the literature actually addresses the issue (Liebeskind, 1996, Zander & Kogut, 1995). Indeed, at times, the leakage of key knowledge is

considered a good thing as it might set a technological standard in a given field. But worries about harmful knowledge leakage into competitors' hands are usually not top of mind in academia.

This is unfortunate, as practice in industry is increasingly toward aggressive actions to obtain competitive information and knowledge and toward consequent protection plans. Competitive intelligence (CI) as well as more legally and ethically questionable economic espionage efforts are both prominent and growing in the contemporary business world (Herzog, 2007). The Society of Competitive Intelligence Professionals (SCIP) is the professional organization of those operating on the ethical side of things. Governmental recognition and scrutiny of the trends is clear from the passage of the Economic Espionage Act in 1996 and related enforcement activities of the Department of Justice since the Act's passage (Cybercrime, 2008).

CI operations are organized efforts to uncover information and knowledge concerning a specific competitor, its current activities, and possible future activities (Fleisher & Bensoussan, 2007, Fuld, 1995). Operations tend to focus on publicly available information (press, public appearances by officers, regulatory and other governmental filings, etc.), human intelligence (former employees of the targeted firm and its collaborators, individuals with knowledge of the targeted firm, etc.), and active gathering (direct observation, facility tours, etc.). From these activities, CI operatives look to build a sense of the targeted firm's activities, strategies, and even future directions. The more information and knowledge they can obtain from or concerning the targeted firm, the more accurate their efforts to analyze and understand that target.

At the same time as the growth of KM and CI activities, business has undergone another substantial change, instituting a number of e-business platforms designed to increase efficiency in operations by means of the web (Ranganathan & Brown, 2006). Enterprise resource planning (ERP) systems and related software such as

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