

## Chapter 6.2

# Creating and Delivering a Successful Knowledge Management Strategy

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### **ABSTRACT**

Over the past decade, the rapid proliferation of knowledge management (KM) has been one of the most striking developments in business. Viewing KM as a key driver of competitive advantage, we attempt to provide managers with important guidance on how to create and deliver a successful KM strategy. Specifically, we develop a framework of three factors that are vital to KM success: top management support, a culture of organizational learning, and effective measures of KM performance. To offer a better understanding of the factors, their multiple facets are further investigated and discussed.

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### **INTRODUCTION**

In the past decade, knowledge management (KM) has increasingly become a vital strategic practice that enables organizations to operate more efficiently and gain competitive advantage in the marketplace. As pointed out by Bill Gates (1999), the co-founder of software giant Microsoft, KM is of great strategic importance because it will ultimately lead to a higher corporate IQ – an enhanced ability needed by a company to get the best collective thoughts and actions. Indeed, prior research suggests that effective KM initiatives can bring important strategic consequences to organizations by enhancing innovation, promoting firm productivity, increasing agility, maximizing market share, fostering customer loyalty, boosting

product/service quality and variety, and so forth (Holsapple & Wu, 2008b).

Although KM has been widely recognized as a main driver of competitive advantage, there is little well-developed guidance for managers on how to create and deliver a successful KM strategy. As Russ and Jones (2005) argue, creating and delivering an effective KM strategy is an important first step for organizations to develop a shared knowledge base that is required to increase process management efficiency and to improve their competitive positions. They thus suggest the need to build a comprehensive framework that focuses on the key factors critical to the development and delivery of a successful KM strategy. We think such a framework will assist both researchers and practitioners in understanding not only how to apply KM initiatives in ways that lead to competitive advantage, but also why some firms are better at converting their KM investments into superior KM performance.

This study contributes to such framework. More specifically, the objective of this chapter is to identify factors important to the success of a KM strategy and to discuss their roles in supporting and sustaining effective KM initiatives. In particular, we contend that KM strategies and initiatives are less likely to be successful without such key elements as top management support, a culture of organizational learning, and effective measures of KM performance. Previous research suggests that these factors are critical because they all play significant roles in facilitating an organization to expand, cultivate, and apply available knowledge in ways that add value to its products and services (Wu, 2008). Next, we will discuss these factors in the context of KM.

## **TOP MANAGEMENT SUPPORT**

Management support that starts at the top level in the hierarchy is one of the primary factors that strongly influence the success of a KM strategy.

Prior research suggests that top management support is essential because the implementation of KM initiatives is resource intensive (Holsapple & Wu, 2009). Substantial financial, human, and material resources are necessary to carry out KM initiatives: sufficient budget is allocated to KM activities; eligible employees are assigned to perform those activities; and adequate facilities are employed to do the job. Such resources are more likely to be available when KM initiatives receive support from top management (Wu, 2008).

In addition, significant and visible top management support contributes to the legitimacy of KM initiatives. Legitimization indicates the validation of employees' particular activities and beliefs in an organization. As an important signal from executives, top management support is often used as a normative template to ensure employees about the organizational legitimacy of activities and beliefs. Therefore, top management support for KM initiatives will encourage employees' adoption of, and commitment to, the initiatives.

Emphasizing the importance of KM through organizational mission and goals also reflects the supportive role of senior management. By using organizational mission and goals to emphasize an organization's commitment to KM, top management credits KM initiatives with high priority, captures the attention of employees, and sets up the notion that KM initiatives are important to the success of the company.

Top management support for KM can be translated into a company structure that, by itself, sends a strong message to staff in terms of the significance of KM. For example, to respond to the business environment in which KM needs more respect and support, an organization may create a new management position – Chief Knowledge Officer (CKO). Job responsibility of a CKO may include “leveraging knowledge content,” “developing a knowledge strategy,” and “promoting awareness of KM” (McKeen & Staples, 2003).

Another important approach to show top management support is to link reward and personnel

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