

The Business Case for KM David Skyrme
associates

The Business Case for KM

As Simple as ABC?

Dr David J. Skyrme

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Topics

Knowledge Management

B
C
A
S
E

Assets
Benefits
Cost-Effectiveness

Why no Benefits?

That Simple?

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Asset Focus

The diagram consists of three overlapping circles: Customer Capital (top), Human Capital (bottom-left), and Structural Capital (bottom-right). The central intersection of all three circles is labeled 'IC' (Intellectual Capital). A blue oval labeled 'Intellectual Property' is drawn across the top and middle sections of the diagram.

- Market value
- Cost
- Replacement Cost
- Liability Cost
- and / or
- Relative Index
- Indicators

After: Armstrong, Edvinsson, Petrash, Saint-Onge, Sullivan.

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Benefits Focus

Access to best / latest thinking

Faster access to knowledge

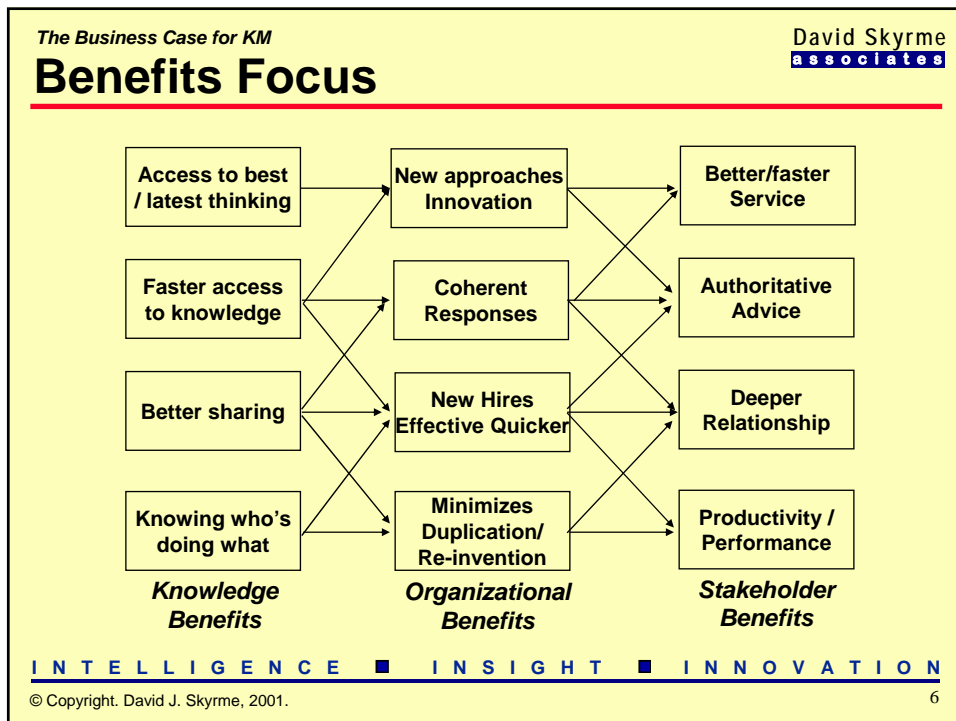
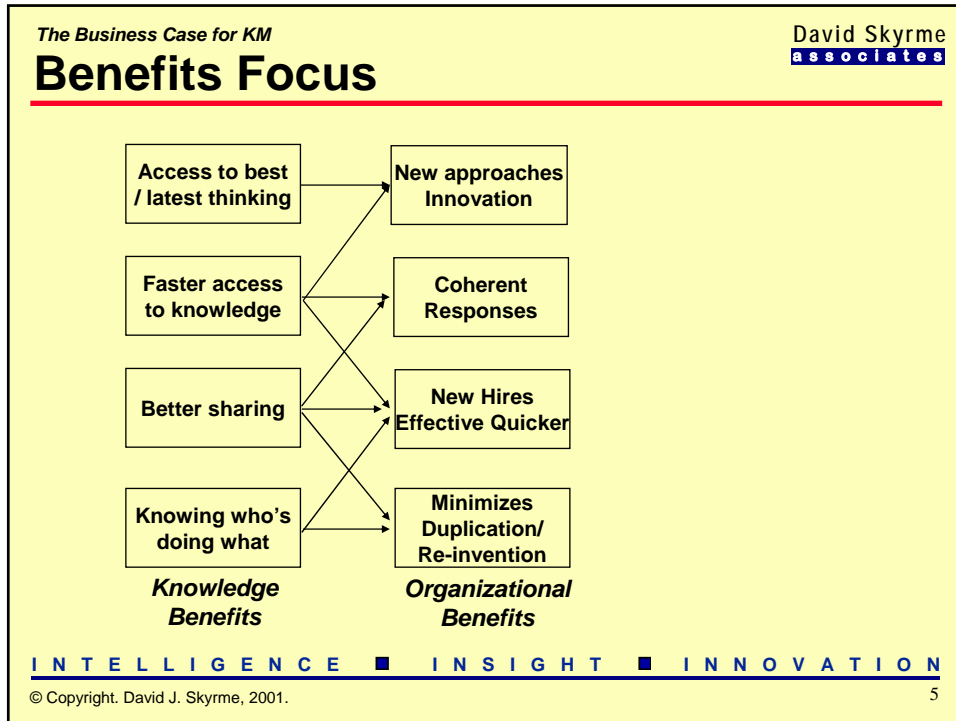
Better sharing

Knowing who's doing what

Knowledge Benefits

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Cost Effectiveness

- ❑ Better use of resources, especially people
- ❑ Knowledge worker productivity e.g. 1%=£50m
- ❑ Sharing Best Practice e.g. Chevron \$100m energy
- ❑ E-opportunities e.g. Sun \$100m customer self-help
- ❑ Better focus on key customers e.g. Chase \$25m
- ❑ Minimise rework, duplication, lost knowledge

..... Leverage on bottom line

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Is It This Simple?

- ❑ Costs focussed & visible - benefits diffuse
- ❑ Baseline often not known e.g. staff time recording
- ❑ Multiple pulls and perspectives - no shared vision
- ❑ Finance dominance vs. service, outcomes
- ❑ Complex cause / effect dependencies
- ❑ Unanticipated benefits e.g. reduced staff turnover

.... Invoke the 'turn it off' tactic

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Making the Case (1)

Business Drivers

- Cost Savings
- Delivery
- Customer Focus
- Restructuring (again!)
- Handling PQs
- 'Joined -up' Government
- Evidence-based Policy
- Records Management (PRO)

+ What keeps the boss(es) awake at night!!

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Making the Case (2)

Business Drivers

Choose Levers

- Customer Knowledge
- Knowledge-enhanced services
- Knowledge in People
- Knowledge in Processes
- Organizational Memory
- Knowledge in Relationship
- Knowledge Assets

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Making the Case (3)

Business Drivers

Choose Levers

Assess Knowledge/KM

- The Knowledge Audit
- KM Assessment

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Knowledge 'Factory'

Customer Knowledge

- general, trends
- specific by customer

External knowledge

- world best practice
- profiles, capabilities

Functional Knowledge

- communities

Internal Knowledge

- project histories
- process knowledge

Org Value-Added

- systematic gathering
- coherent k-bases
- better sharing
- collaborative communities
- distillation and refining
- sharing and learning
- applying

Successful Customers

- closer relationships
- shared knowledge

Quality Delivery

- knowledge-based service
- skills base, k-bases

Effective Policy

- fewer U-turns
- value for money

Internal Skills & Capabilities

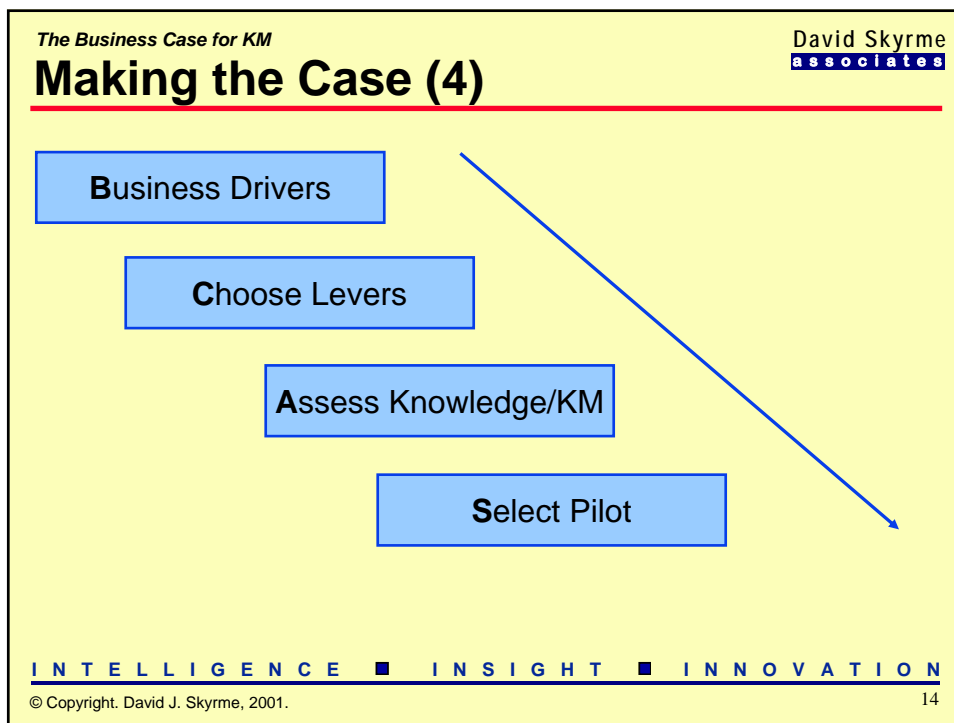
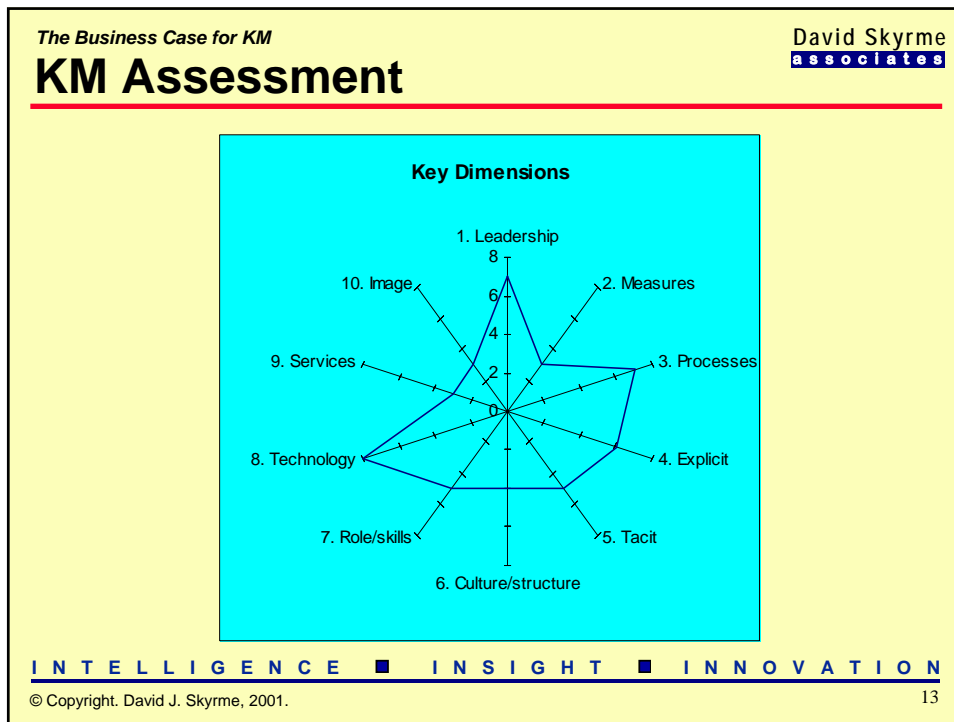
- skills base, k-bases
- deployment, availability

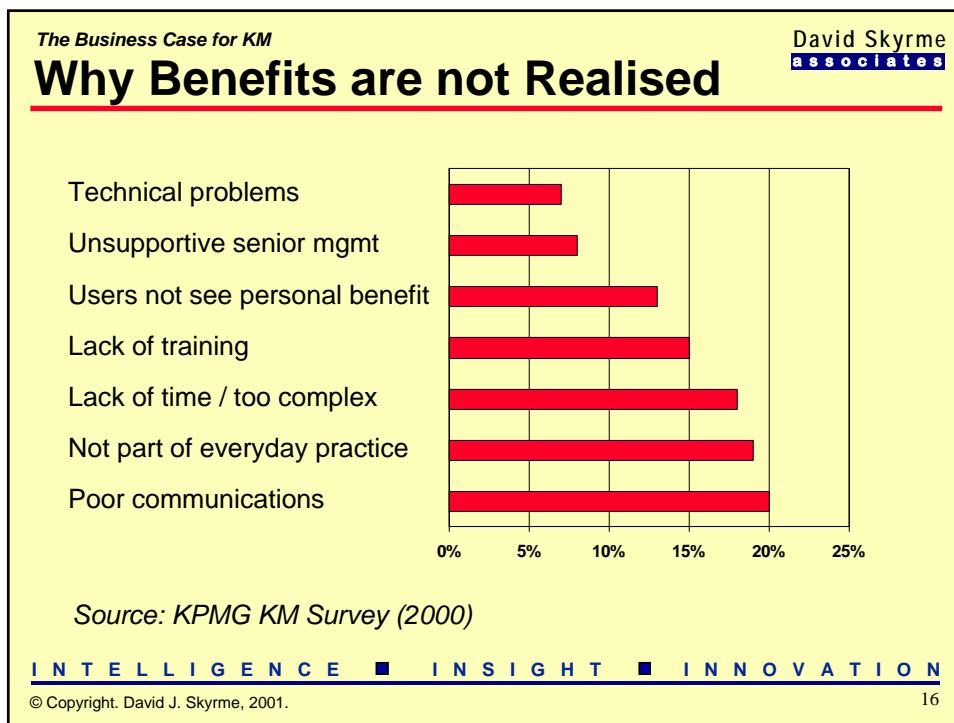
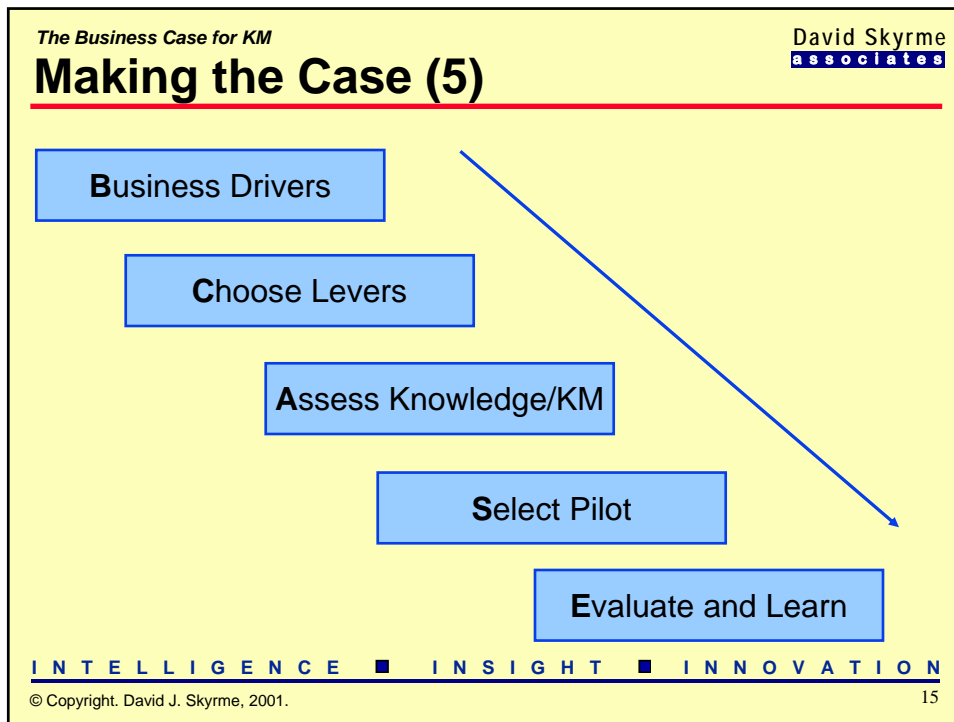
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Measurement Myopia?

Remember?
“What you can measure you can manage”

**“There are those that measure
..... and those that act”**

At this stage of our understanding, knowledge leadership seems more important than detailed measurement or prior justification.....

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Knowledge Leadership

- Articulated value proposition e.g.
 - share best practice - faster innovation
 - reusable knowledge - developing competency
 - intellectual assets - know-how businesses
- Find champions in the business
- Facilitate networking - tap into expertise
- Excellent communicators - internal/external
- Frameworks for action - simple models
- Clear vision and strategy

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Point to Ponder

“If your CEO does not recognise the
value and role of information,
it’s time to move on.”

(Dick Harrington, CEO, Thomson Corporation)

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