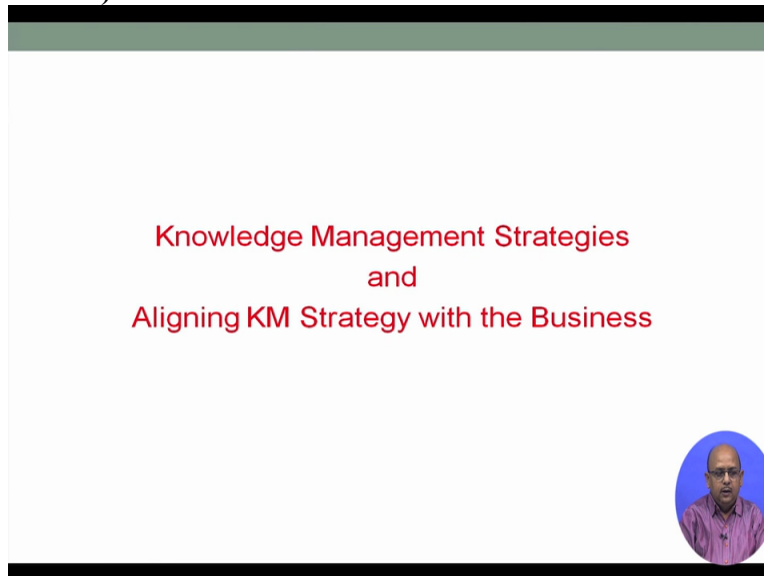**Knowledge Management**
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Lecture 05
Aligning KM with Strategy

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Okay, so, today we will talk about knowledge management strategy and how KM strategy has to be linked with the business of the organization. Remember we talked about what is knowledge, okay and then, what are the different type of knowledge like we talked about explicit knowledge and tacit knowledge and then how to convert tacit knowledge into explicit knowledge.

Today, we will talk about the knowledge management strategy that what are the strategies that is used to convert to tacit to explicit or tacit to tacit or explicit to tacit.
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Knowledge Management Approaches

- Personalization strategy focuses on connecting knowledge workers through networks and depends on tacit knowledge and expertise
- It provides creative, rigorous and highly customized customer services and products.
- Codification Strategy focuses on technology that enables storage, indexing retrieval and reuse.
- It provides high quality fast, reliable and cost effective service.

There are two major strategies that is adopted for this purpose. And one is basically related to tacit and other one is related to explicit knowledge. Now, when we are talking about strategies, there are two kind of a process that is used in knowledge management. One is known as Personalization strategy and the other one is known as Codification strategy.

When we are talking about personalization strategy, basically the focus is on, more on what are called tacit form of transferring knowledge or moving from one person to another person, okay. So, how this kind of strategy works where you are going to move from tacit to tacit using a more personalized approach like two people interacting with each other or people working in a team sharing their knowledge with each other.

So, this kind of basically strategy focuses on connecting knowledge workers through networks. This could be virtual networks, it would be physical network, and it could be teams, okay. And basically what they are going to say? They are tacit knowledge and expertise with each other. Now, this kind of strategy is good.

Because here what you get is more creative, innovative kind of things what you call services and products which could be very, very rigorous highly customized. Because that is very were going to share knowledge that is related with you. It could be related the processes, or it could be related services or it could be related to how to do things.

So, what I wanted to tell you here is that personalization strategy, though it could be more subjective, but when you want to take out the tacit knowledge then it is always good to use a

personalized strategy. Moving next to is codification strategy. That is where technology is going to help you. You can use IT infrastructure because IT can help you to storage, retrieval and re-use. So, technology plays a very major role in codification of knowledge.

Now what kind of knowledge can we codifies, that kind of knowledge which is already available in some documented form. It could be video and it could be video audio, recordings, personal guidelines, it could be manuals of the organizations and it could be related to the processes through which one has to perform certain works.

So, when we are going to use codification strategy basically it is used for classifying, organizing and structuring. Those kinds of knowledge which is available in explicit form so that you can store it using technology and you get it back whenever you want to make use of it, okay. So, the advantage of codification strategy is that it provides a very quality services.

Because it is easy to use you can anytime retrieve it also reliable because the consistency is very high. And it is cost effective because once you have put that say, content into an archive, are you have stored it, anytime you want to make use of it, you can do it. The only thing is that it is not going to change so that is where this has a disadvantage.

While personalization strategy could be used for those kinds of things, where you want to use more heuristic approaches and when you want to go for divergent thinking. That is where you do not have a solution to the problem. That is where we can use go for personalized strategy but where you go for more convergent kind of thinking with you have solutions to the problem and it is available somewhere.

Only thing is that you should know where it is, so, that you can make use of it that knowledge to solve problems.
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Now if you look at this, this is talking about the difference between the codification and personalization strategy. Now if you look at these two pictures what does it talk about, it talks about books on the one side that is a document form and personalization where you will find face of an individual that means it is more personal in nature right.

So, codification strategy is basically document driven. It means that you have information available in some form of documentation, okay. It is more formalized; it could be reports, okay and basically focuses on use of already existing knowledge that is available in some documented form but when it comes to personalization approach to manage knowledge that is basically used for tacit knowledge.

And this can be extracted out only when people are interacting and relating with each other. So, important part is that people have to interact and relate with each other. So, if you look at the heading it says, linking people to get out the kind of knowledge that they want. And how it is possible? It is through meetings, communicating with each others, okay personally or could be in any form they are going to communicate.

It could be through media, personal media whatever it is. So you need to communicate whatever you know so that other person will come to know because it is not available in documenting form, okay. And that is where you can find out what the other person know, what is his expertise, what are the things that he knows.

And that is where when he communicates it through in any mediums, interacting or relating people then only you come to know what the person knows. What is his expertise it is very, very flexible. For example, if you I give two examples related to codification and personalization. One is the ERP enterprise resource planning and the other one is Wiki Leaks. If you look at Wiki Leaks, people keep on vending the information, okay.

But this information is variable dynamically, keep on changing. It is very, very subjective highly subjective whatever is there in ERP that is very, very classified, structured information that can be used for taking any kind of decision. So, that is how we try to differentiate between these two kind of strategies that is codification and personalization strategies.

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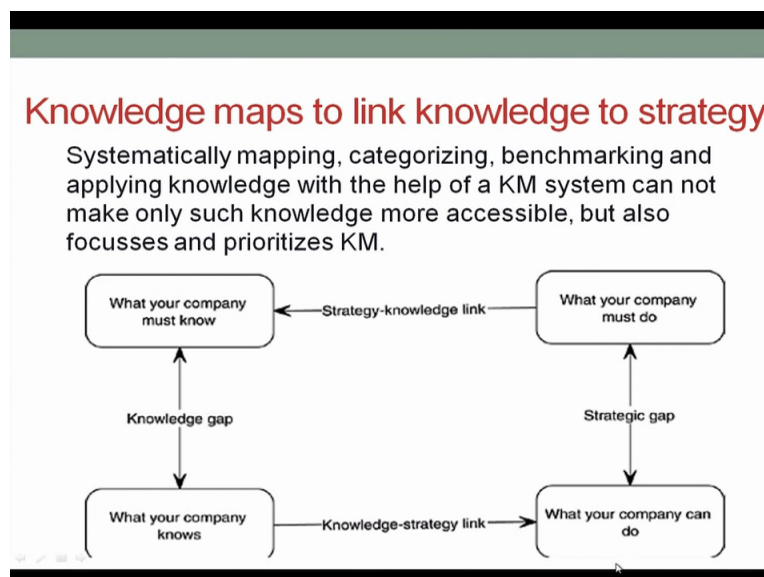
Now, the next in that we are going to talk about is that how to identify the knowledge maps so that we can link knowledge to the strategy. So, it is very, very important at the first stage is to identify the gap in the knowledge that exist with the organisation; because you need to map, categorise, benchmark and then apply it to develop a KM system, okay.

But, at the same time, when you want to go for having a knowledge management system it is very, very important for you to understand that what is what kind of knowledge you have, what is the current base of existing knowledge, that is available with the people, groups or even the organization.

So, the first thing that you have to see is that what your company must know. It means what kind of knowledge and skill base would be required by Organisation in order to be effective. And then, what your company knows that is what is the current states of affairs so far as knowledge is concerned. It could be tacit or explicit or both.

So, you have to see that what are the expertise of the people, what kind of knowledge that is available with the organization, documents, manuals, guidelines, okay. And then, in order to be effective, to compete with others, to perform well, what kind of knowledge base we require by the organisation.

So, if you are able to assess both the current state of knowledge and future state of knowledge that would be required by your organisation in order to complete and perform well, you can find out the gap in the knowledge. So, the first stage is that when you are going for mapping the knowledge of your organization, you have to identify the gap in the knowledge base. That is this thing in the current state of affairs related to the knowledge and the future state of knowledge.

Now, once that is identified, then, you also try to look at the strategy gap, okay. On the one side you are looking for the knowledge gap; on the other side, you are looking for strategic gap. Now, what is the strategy gap? Strategy is what? Strategy is the action plan with which you want to achieve certain goals and objectives which could be related to the Vision and Mission of the organization.

Now, since strategy is derived from Vision and Mission state of the organisations, these are the action plans, this could be related to anything which helps you to accompany to achieve certain goals and objectives. Now, you have to see that what is your current strategy, okay? What your company is doing, in order to perform well, in order to compete, in order to improve, in order to have more productivity or efficiency or in order to improve market share.

So, what your company is doing in order to achieve those goals and objectives for which it has been set. Now, the next is that what your company must do in order to achieve those goals and

objectives. What are the things that you should do so what you are doing and what were you doing, what you should do? So, you need to identify the gap in the strategy.

Maybe you are going to follow certain strategy. Suppose, if you are going for an expansion strategy. It may be related to your product, okay. So, when you are saying that it is related to your product, what you have to do? You have to see that whether you are going to expand it, now whether you are going for an expansion or not, whether it is going to be successful or not that you have to say.

If it is not whether you have to say you have to go for diversification. So, now, you have to decide whether you have to go for diversification, if you are doing that whether to go for diversification in the related product or non related products, right. So you must identify the gap in the strategy. So, once you are able to identify the gap between your knowledge and the strategy related to your organization then you are going to link that.

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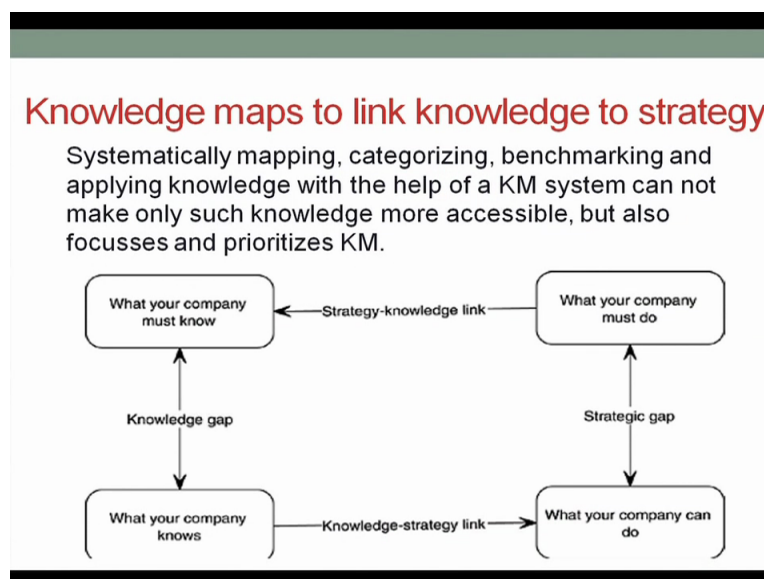
This is where you are going to link your knowledge and strategy. That is what you are doing to achieve with your current state of affairs so far as knowledge base is concerned. So the kind of knowledge the organization has how it is going to help the organisation to achieve the current stated strategy, now that is one thing.

Second is that the expected knowledge that you want to have from your group, individual and organisations and the kind of strategies that you are looking forward to in order to achieve your goals and objectives. Then again you have to link both. So, at the first stage you also have to identify the gap. What you need to do is? You need to link your strategy with the knowledge okay.

First, what you are going to do, you have to identify your gap, okay. See, the current state of affairs, how it is helping you to achieve your goals and objectives. Then, what would be your strategy in the future and what could be your knowledge base in the future. And that is to be linked. So, in order to identify this you need to develop a Knowledge map that is what we are going to discuss next.

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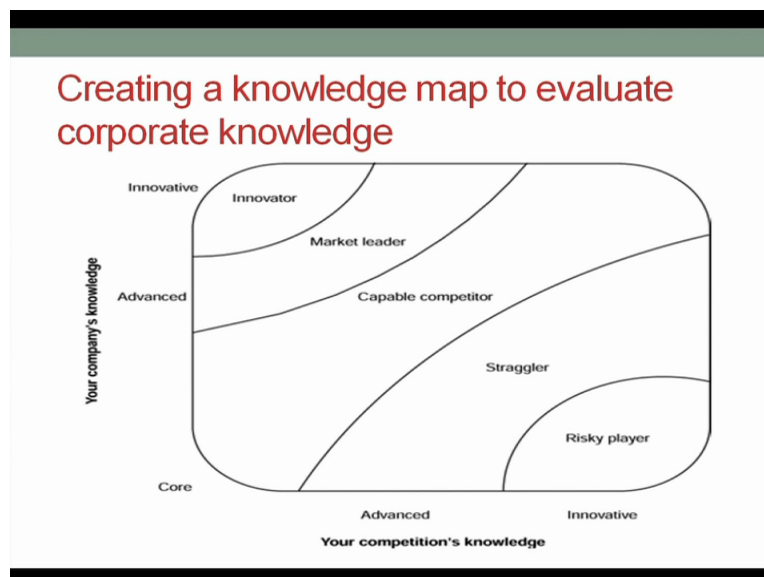
How are we going to create a knowledge map to evaluate your current state of knowledge? That what is your current state of knowledge related to the organization. Now, when I am talking about this you have to see that what is your knowledge, what is the knowledge base of your organisation? And what is the knowledge base of your competitors, the other organisation you are going to compete with you.

Either into similar areas or different areas whatever it is okay, it could be related to products or it could be related services. Now, see when you are talking about your competitor, your company's knowledge okay so that is basically classified into three different categories. That is what is the core knowledge and the core competence.

And then from that core competence the extent with which you are able to move ahead in order to be more and more innovative so far as the knowledge is concerned, okay. It means that whether you are able to the extent to which your company is going to or able to be more innovative and creative so far as knowledge is concerned.

So, that is whether your company is in a position to create and innovate new knowledge, okay because that is going to help you to compete with your competitor, now vis-a-vis others. The extent to which your competitors may be having certain constant and the extent to which they will be able to move ahead and innovate themselves, in terms of product and services.

And that is where you have to see that how your knowledge and competitor's knowledge is going to be compared or evaluated, okay. So, suppose you are at the first state means that you are trying to compete based on your core strength but your competitors are very, very innovative in the approaches. They have better form of knowledge and they are more innovative, then become a risk player.

Then it means that you are at risk, you are not, will not be able to compete. But if they are at the advanced level and you are still at the same level then you become a struggler, right. Then, you need to compete with them because you are not going to struggle with the products or services because you do not have new knowledge but they would have moved to the advanced stage.

But, when you have also move to the advanced stage of knowledge and your competitors also move to the advanced stage of knowledge, then, you create a level playing field where both are going to work at the same level. Next, if you have moved to the advanced level but they are still moved to the advanced level, but they are still struggling, they are still at the advanced level, but you have moved beyond that, then, you are able to compete and become a market leader.

But if your competitors are still at the core competence using the core competence in order to complete, but you have moved to the more advanced level and have been very, very innovative so far as knowledge is concerned, you are very, very creative to promote new product and services using a knowledge base. It means that your company is very, very innovative in its approach whether its products or services or processes.

Then, you will become the innovator. It means that in that case you will have a competitive edge compared to the other organization. So, you have to see that the extent to which your knowledge base is going to compete with the knowledge base of the other organization and the other competitors, okay. That is how we create this knowledge map.

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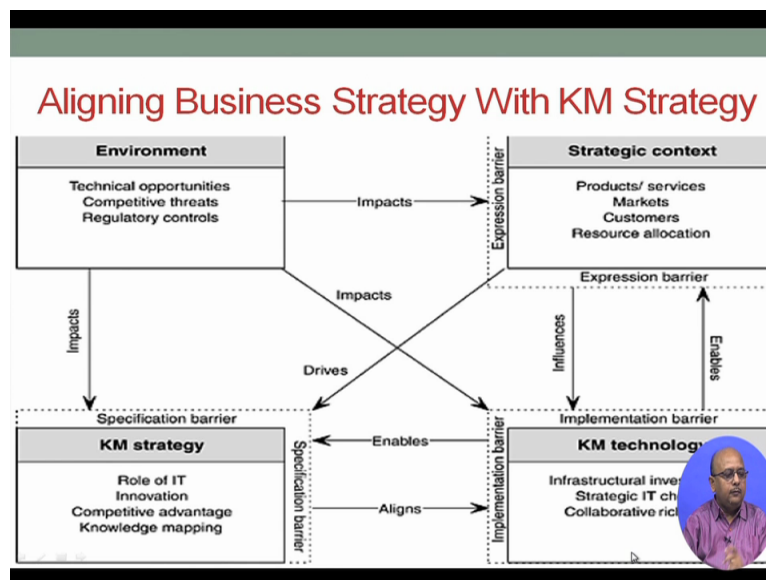
Now, next in that we are going to discuss that also have been able to identify the kind of strategy that you have? You are able to see what is your current knowledge base? And whatever competitors knowledge and the extent to which you are able to move to that level. Next in that you are going do is, you are going to see, how it would be linked with business strategy or the corporate strategy.

So, now the question is that how the knowledge management strategy is going to be linked with or going to be aligned with the business strategy. Because the basic objective of using a

knowledge management approach or having a knowledge management system in organization is make them more creative and innovate so that you are able achieve goals and objectives ok.

So, whatever strategies is adopted you are supposed to support that strategy through creation of knowledge at the individual level, group level and organization level which is going to support your activities, to fulfill the goals and objectives of the organization. So, now if you look at the figure, suggests that how we can know about aligning the business strategy with the knowledge management strategy? You can see four quadrants here.

Now, one is related to the environment. What you are up to do at the first place? You have to assess the environment. When I am talking about environment, it is related to your external environment. Now, you have to scan the environment and identify the level of uncertainty that is associated with the environment in which you are going to operate.

It could be related to technical environmental, it could be related to regulatory environment or it could be competition that you are going to face from the other organizations okay. So, if you look at the environment first thing that you need to do is that you need to assess the environment and the level of uncertainty associated with the environment.

When you are able to assess the level of uncertainty associated with the environment, you would be in position to chalk out it be your strategy for the organization because your strategy depends upon the kind of environment you are going to operate it. See, if you look at this, it suggest that the environment has its influence on the strategic context, okay.

Or at the same time environment also has impact on the kind of knowledge management strategy which you are going to derive. Now, if you look at these two things that environment has its impact on the strategic context and also in KM strategy. So, let us see and look at these things. When we are looking at the effect of environment, on the strategic context, that means you have to see the kind of environment in which you are operating, okay.

But and this is going to decide the context of the strategy in terms of kinds of products and services that you are going to offer, markets in which you are going to offer, who are your customers and how you are going to allocate resources to different functional areas, different function of things for the organisation. Let me give you an example.

Say, in a highly competitive environment, if you are going to have a particular strategy, okay the same strategy can also be adopted by the other organisation. Suppose you are going to pricing strategy and you also want to reduce your pricing but at the same time you want to be cost effective. So, this kind of strategy can be also adopted by the other organisation.

Now, when we are talking about differentiation strategy now, when we talk about differentiation means what? That is what you offer as product or services; which are going to be different from your competitors, right. So, in order to offer a product and services which is going to be different, so, in this context you have to see that what others are offering and what you are going to be is different.

Then, accordingly you develop your strategy about the kind of product and service which you like to offer in order to be competitive, right. So, this the kind of product and services that you are going to offer that depends upon what? Your capability in terms of technology, in terms of the kind of knowledge base that you have, okay and other things and it is going to be influenced by the environment.

So, environment sometimes forces you to go for certain kind of strategy. For example if one company is moving to the pricing strategy okay, has reduced the prices then you also go for it. Say for example, look at the airlines industries which is very, very cost effective. So if you look at this pricing strategy, what happens?

One example that I was giving that was related to Airlines industry. One airline has reduced the prices and the other airline also follows the suite. It means that your customer; customers are the context for deciding over the strategy. So, this is decided by the environment. It means that you are in a position to go for this kind of strategy based on your assessment of the environment.

That is what. When I am talking about knowledge management strategy depending upon the kind of technical opportunity that is available, what kind of competitive threats you are facing and other kind of things; you are going to see what kind of KM strategy you should go for, okay. And that is where these factors have major role to play like IT.

Because IT, enables you to develop kind of architecture that you are looking for knowledge management system, then the extent of innovation that you are going to have because; knowledge management strategy is basically related to what? That it is how you are going to acquire and create knowledge okay.

And the extent to which this KM strategy make you to achieve competitive advantage, Does, knowledge management system in a organization going to help you to achieve competitive advantage in terms market share, in terms productivity or efficiency. And then you also look at knowledge, current knowledge state of affairs, okay.

And what you have to see is that you have to see what are the different kind of barriers which exists, which are going to either facilitate the processes or you are going to see that whether they are not going to hinder these barriers, what you need to do is depending upon the kind of environment you are going work.

On the one side you decide about your strategy and related to the organization or the corporate on the other side, you also decide about strategy related to knowledge management ok. Now, this environment is also going to affect the kind of technology that you want to use for implementing the knowledge management system. And there could be implementation barriers related to which could be related to what you call environment or it will be related to strategical context.

So, the kind of knowledge management technology that you want to use in order to have knowledge management system, it depends upon how much you want to invest on infrastructure, the IT infrastructure, ok. And then, what could be your choice relating to information technology

right whether you want to go for ERP or whether you want to go for SAP, it all depends upon you. That an, because investment in IT infrastructure is very, very expensive.

So, you have to see depending upon your requirement, you decide about the kind of IT infrastructure that you want to have in place. And finally, you want to have that, extent to which people able to collaborate with each other because it is not only technology but you also need to see that the extent to which people are able to readily collaborate with each other.

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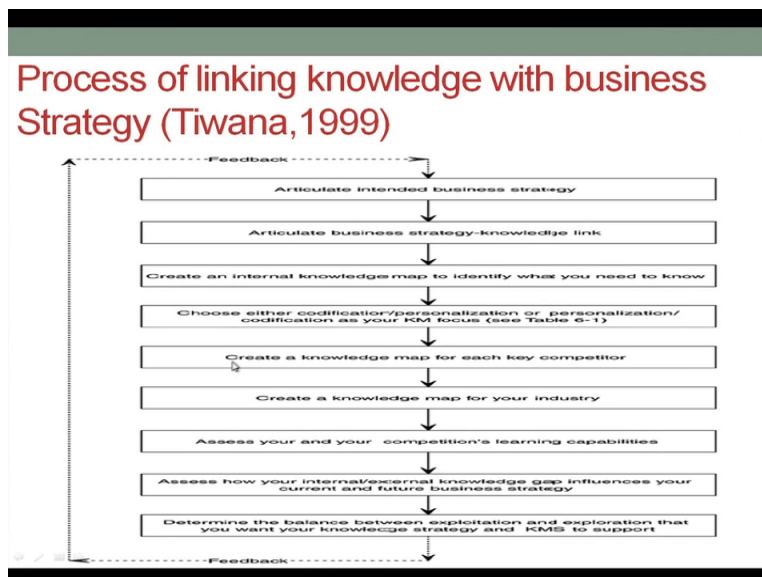
Now this is the process of linking knowledge with business strategy. So in the first stage what we will do? First stage, we have to derive from the earlier picture that is you have to articulate about your business strategy. What is your business strategy? Then, it is clear? So, the first stage is a business strategy, so you need to define your business strategy with regards cost leadership or with regards to cost differentiation or whether you want to have focused strategy.

Whether you want to go for leased market, whether you want to compete based on your products and services or whether you want to compete with regard to the cost. So, you can adopt a combination of a permutation combination of any of these strategies as well. So, once you decide about your business strategy, you move to see that however you link your business strategy with that of knowledge.

It means in order to implement this kind of business strategy, what kind of knowledge will be required by the people, individuals, as well as groups, as well as the organization. Once you are able to identify the link, so this is the kind of knowledge base and this is the kind of strategy which should be in place then you create a knowledge map.

What is the current knowledge map of your organization, okay? So, this map helps you to evaluate the current state of affairs so far as knowledge base is concerned and what kind of knowledge base would be required in order to implement the intended strategy, right. Suppose you want to go for differentiation strategy.

Differentiation strategy means you have to offer more innovative products and services to the customers. Now if that is the business strategy, then, you have see that whether people have the capability, have the kind of knowledge base with the help of which you will be able to promote this out or not.

So, you need to identify the intended knowledge base as well which would be required to implement this kind of strategy. So, once that link is established then you have to go for the third stage that is asses your knowledge map. Whether your knowledge map is similar to what you are looking forward to or it is there is a gap.

So, if there is a gap, that gap needs to be fulfilled. This is the gap between the intended knowledge that you need to have in order to fulfil that strategy and what is your current state of knowledge, right. So that is the third stage, so you create an internal knowledge map, to identify who you need to know, okay and then you have to, yes then you have to identify what kind of strategy that you want to adopt.

Whether you want to go for codification or personalisation strategy, okay because the knowledge management focus is to generate the kind of knowledge and documented which could be used for achieving the goals and objectives of the organization right. So, whether you need more tacit form of knowledge or whether you need more of explicit form of knowledge and how are you going to do it. That is the fourth stage.

Then at the fifth stage, you create a knowledge map for each key competitor. Identify your competitors, look at their knowledge gap, sorry, knowledge base and look at your knowledge base and see where you stand, vis-a-vis to your competitors. Once you are able to identify your status vis-à-vis others, others that is competitors in terms of knowledge.

Then, you will be able to see where you will stand compare to your competitors, okay. Whether at the core level or at the advance level or you are at a very, very innovative and with your competitors are at the core level or at the advanced level or they are very, very innovative. And then, you are going to create a knowledge map for your organization.

So, once you identify knowledge gap you are able to map the knowledge of others you will be able in a position to find out or map knowledge which will be required for your organization. That is the next stage. Then next stage is to look at the capabilities of the people, okay. Assess your and your competitor's learning capabilities, the extent to which they would be able to be creative and innovative and that depends upon the learning capabilities.

So, if you have better learning capabilities, more innovative, compared to your competitors okay. Then, you have to see that once you have identified gap, knowledge gap and then you know your current and futuristic strategy, finally what you need to do is, that you need to go for exploiting that ok. So, that you have a knowledge management strategy, in a knowledge management system which is enabled through IT systems.

So, that which is going to support you, so you are going to create knowledge map or an archive or to store that knowledge either in tacit form or in explicit form which could be used by people in order to implement those strategy, so that you can achieve internal document. At each stage what you need to do, you need to develop a system of feedback, so that, so how well you are doing at in the each of the stages, okay. So, that is how you are going to link knowledge with the business strategy.

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Glaxo Wellcome
- A strategy led initiative - learning org. focus
- Workshops to convert rhetoric to action plans
- Using Intranets to share R&D, help approvals
- Library, document management support
- Reoreinted Technical Architecture
- Challenge is creating 'sharing culture'

Bottom Line - better RoIC

Now, I am giving you some examples of two different companies: one is Glaxo okay, Glaxo Wellcome. The big objective of this is, is to have better return on intellectual capital. So if they are going to invest more on people there learning capabilities will improve. Then, what they did basically? They adopted a strategy so the focus was learning, okay.

Then they also converted went for certain workshop to see that how to develop action plans okay, how to use IT systems, to share R and D activities, okay. And they also went for enabling IT systems using library and documentation management support. It is not knowledge management but it helps you to create tacit or explicit knowledge.

And then they re-oriented the technical architecture to support these kinds of systems so that you not only kind of store and also retrieve and use that information. And then, they try to develop a culture share. Sharing the culture, so that you are able to do that so that is how Glaxo was able to get better return on this.

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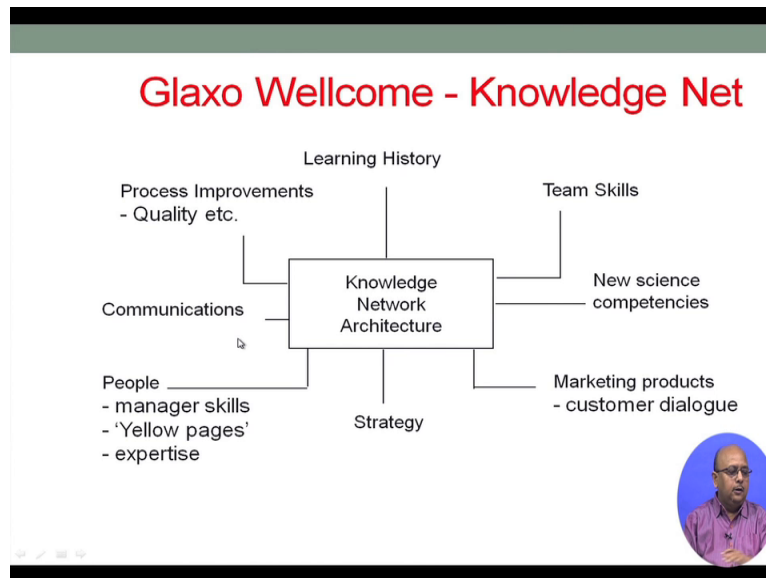
So, this is how they went about it. It you look at the knowledge network architecture, what they did? They used all kind of things strategy, competency, team skills, people related skills, communication, how to improve processes, quality etcetera. So they linked it, this they created a knowledge network through which all these was linked, that is where they able to achieve their intended goals and objectives.

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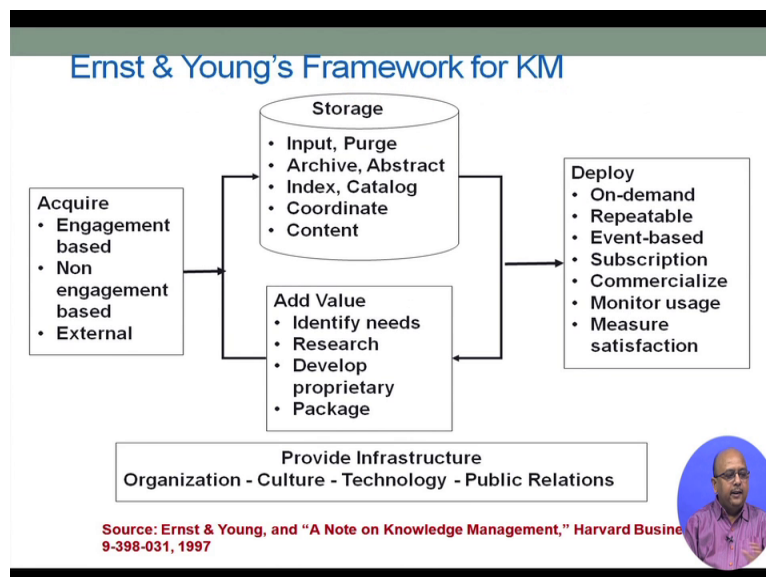
And then another example I am going to give you for knowledge network is Ernst and Young. It is a consultancy company. Now what they did, see how they acquire, store, deploy and add value. And what is the supportive system that they require? It is culture, technology and good relationship in the organization.

So, with this I wanted to complete this portion. And this basically talks about how we are going to align knowledge management strategy with business strategy, so that you are able to achieve intended goals and objectives, thank you.