Knowledge Management Strategy in Knowledge-Based Organizations
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ABSTRACT: The most important task of management is decision-making and thus receiving and analyzing information is an organizational strategy that can be achieved only with knowledge management and development. In the first steps of a project, for example, the success or failure of the project depends on aligning knowledge management with the organization’s strategies, its current and future activities, and the measures that are used for evaluating its success. The support of senior managers and employees must be earned by showing them the benefits of implementing the knowledge management system in the organization. This is one of the benefits of developing a knowledge strategy, for it clarifies goals and expectations, thus allowing for evaluation of the outcomes of knowledge management and the improvement of the organization. The present research provides an analysis of the general framework of knowledge strategy development.

Keywords: Knowledge strategy, knowledge management, knowledge areas, Decision-making, Operational programs.

INTRODUCTION
Initiating knowledge management projects raises many questions: Where should we begin? What are the advantages of this project? What should be the focus of our investments and resources? What is our strategy? Who can we ensure that we have chosen the right knowledge? Are we following the right path? Which knowledge should be managed and developed?

Systematic management of knowledge is the key to its success in an organization. Knowledge management aims at intelligent performance of duties in the context of a knowledgeable organization. The focus, in this context, is not on sharing knowledge, rather on the right type of knowledge for the right people. Knowledge that is not put into practice has no value for the organization (Zack, 1999; Serkan, 2008, Serdar, 2011).

Knowledge strategy vs. knowledge management strategy
Knowledge strategy is a concept that is closely linked to knowledge areas and organizational strategy. Knowledge areas are different branches of knowledge. Each organization addresses specific knowledge areas which may not be totally independent but interrelated. In a knowledge strategy, the knowledge areas that affect the performance of the organization are identified. Also the effect of each domain is determined. Any lack in the knowledge areas is identified using one of the indices of proficiency, codification, and diffusion. Knowledge strategy is a document before the management team that allows it to determine the set of operations required to overcome these lacks. In light of the organization’s knowledge strategy, the activities required to reach the desired goals are determined. In fact, the main output of a knowledge strategy is the activities that respond to the business’s strategy and its knowledge areas. Knowledge strategy is formulated by the management group. It clarifies the path to achieving goals and its main objective is to put knowledge management into practice within the context of the business. In knowledge management strategy, implementation process, activities, and standardization of solutions are considered (Baumbach & Schulze, 2003; Wwen-Der, 2013). Operation and activities under a knowledge management strategy allow for the knowledge management system to work effectively, to be incorporated into the business’s culture, and to continue its effective function (Spende, 1996).

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Importance of knowledge strategy

Failure to understand the relationship between knowledge management and the strategy of the organization is one of the main reasons for the failure of KM projects. What adds to the importance of this issue is the fact that most KM projects are often planned and implemented at lower levels of management, while higher levels are informed of them later. Research has shown that whenever significant resources, investments, and organizational changes are required for implementing KM projects, the support of higher-level managers are lacking (Van der Spek & Kingma, 1999). In contrast, when the relationship between the organization’s strategy and knowledge management is established through a knowledge strategy, the management can understand the importance and benefits of the system, thus reducing many of the problems associated with KM implementation. The purpose of knowledge strategy is to provide a framework for establishing a relationship between development, the key measures of efficiency, and the required areas of knowledge. After determining the current and future conditions as well as the strategy of the organization, required activities are planned. Therefore, based on the current and future needs, an ideal image of knowledge is mapped and the activities required to achieve that image are carried out. Knowledge strategy allows managers to understand, investigate, and control the organization’s KMS. It aligns the KMS with the goals of the organization, thus ensuring that the best options are invested on and the best results are achieved.

Each organization has its own KM needs. Knowledge strategy allows the organization to identify those areas of knowledge that correspond to its current and future activities. The main advantage of developing a knowledge strategy is having a framework and a systematic approach, because the success of an organization is measured by the extent to which it achieves its goals. Knowledge strategy makes the success of the knowledge management system measureable. Development of a knowledge strategy allows for mapping the benefits of knowledge management in the organization. This is an important factor in earning the support of managers and employees. Knowledge strategy provides a comprehensible image of the knowledge of the organization, thus revealing the role of knowledge management in the current and future successes of the organization. Knowledge strategy defines a framework for knowledge management system, thus guiding it toward the organization’s goals. Knowledge strategy concentrates resources around the areas that have the greatest impact on the organization. Thus, it guarantees the systematic performance and success of the organization (Van der Spek & Kingma, 1999).

Basic factors in developing a knowledge strategy

A knowledge strategy is founded upon three basic principles: proficiency building, codification, and diffusion (Van der Spek et al., 2002).

- **Proficiency building**: The ultimate goal of knowledge management is to create capable employees who can apply knowledge in action. When a person becomes proficient in an area of knowledge (e.g., IT) and uses that expertise in the workplace to solve problems, knowledge has been translated into action. The main question is how employees can be developed in different knowledge areas.
- **Codification**: Making implicit explicit is a major objective in many KM initiatives. Codification is the process by which knowledge is documented in reports, structured descriptions, or standard forms.
- **Diffusion**: This is a measure of how knowledge is distributed across different people in an organization.

Important issues in developing a knowledge strategy

- Each organization has its own needs, goals, and characteristics. Therefore, a proper knowledge management plan allows for specific activities within the boundaries of that organization. That is, knowledge management must focus on areas that allow for successful performance of the organization’s activities. This implies that there is no single prescription for all organizations. Rather, KM initiatives must correspond to the conditions and characteristics of an organization (Carrillo, 2006).
- An important problem is the kind of activities that must be carried out in order to implement KM initiatives. The image of the future of the organization and the knowledge areas it deals with completely depend on the current conditions and capabilities. For instance, the number and distribution of knowledge areas differ with respect to the number of proficient employees an organization possesses.
- The impact of knowledge areas change over time based on the trends and developments in technology, business environments, and societal and scientific changes, and KM initiatives must respond to these life cycles (Carrillo, 2006).
- The assessment of the impact of knowledge areas must be based on existing corporate performance measurement systems and the set of related indicators. A link must be established between the indicators for business excellence and knowledge areas (Carrillo, 2006).

Knowledge Strategy Process

The knowledge strategy process consists of six basic steps that result in a knowledge management action plan (Zach, 1999).
Step 1: Specifying the business case

This step aims at a clear description of the characteristics of the business case, its boundaries, and its environment. The knowledge strategy process can be focused on various perspectives, ranging from a process view to a business unit view. Which perspective will be most appropriate depends on the type of company and its context. To have a proper understanding of the business case, one should collect information about:

- Business strategy and perceived challenges to the business
- Strategic priorities for the next planning period
- The stakeholders involved in the process (engineering, marketing, production, etc.)
- Relationships with other parties in the value chain or other parts of the company
- Important trends and developments in the environment
- Core work processes related to the selected perspective
- Structure of the workplace (teams, roles, projects)
- Key people involved in the business case.

When the overall strategy of the company is not clear, the following steps are very difficult to perform. How can one assess the impact of knowledge areas in the future when it is not clear in which the company would like to develop?

Step 2: Identifying relevant knowledge areas within the context of the case

This step aims at identifying knowledge areas relevant to the business case. Many discussions are focused on the difference between data, information, knowledge, and even wisdom. We consider areas as clusters of experiences and know-how that enable people to say ‘we know how this production line works’ or ‘we know how to leverage our sales in Europe.’ During this step, various techniques and cluster knowledge areas are used ranging from mind-mapping, thinking-aloud protocols, to cluster-techniques. Many of these techniques originate from the field of knowledge engineering and acquisition. Although most of these techniques were originally created to support the building of so-called expert systems, they have proven to be very useful in supporting this process of knowledge area identification. 8-12 knowledge areas are considered as the optimal number to be used in one analysis. If more knowledge areas are identified, they should be clustered or the analysis should split into separate lines.

Step 3: Identifying the key performance indicators in the context of the business case

During this step, relevant key performance indicators are identified. The relevance of these indicators depends on the selected perspective. It is recommended to focus on a broad range of indicators and not to limit oneself to mere financial indicators. Conceptual models such as the Balanced Scoreboard or the EFQM model for business excellence are useful. Performance indicators can be financial, customer-oriented, market-oriented, product related, or employee related.

Table 2. Key performance indicators.

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Measurement</th>
<th>Weight Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation capability</td>
<td>Number of successful innovations per year</td>
<td>2</td>
</tr>
<tr>
<td>Business success of our initial customers</td>
<td>Our impact on short and long term EVA/EBIT of internal customers</td>
<td>3</td>
</tr>
<tr>
<td>Development process effectiveness</td>
<td>Process score card</td>
<td>3</td>
</tr>
<tr>
<td>Employee satisfaction</td>
<td>Employee satisfaction index</td>
<td>2</td>
</tr>
</tbody>
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Step 4: Analyzing the current and future impact of knowledge areas on key performance indicators

The relationship between knowledge areas and performance indicators is assessed in terms of current and future impacts of knowledge areas on these indicators. During this step, the people involved should first agree on what the time scale for the assessment of the future impact is (1, 2, 3 years or more). Two main questions must be asked for each knowledge area:

- What is the current impact of this knowledge area on the performance of the selected key performance indicator?
- What is the expected impact of this knowledge area in the future?

The main objectives of this step are:

- Identifying the relationship between performances and knowledge areas.
- Assessing whether the impact of these knowledge areas will increase or decrease in the future.

Step 5: Assessing knowledge areas in terms of proficiency, codification, and diffusion

The knowledge areas are assessed in terms of three dimensions that underpin the fitness of knowledge areas: level of proficiency, level of diffusion to internal and external parties, and level of codification. The assessment is based on
the current situation and the required situation in 1, 2, or 3 years. A gap analysis is performed based on the results of the assessment.

**Step 6: Creating the knowledge management action plan**

The result of this step is a description of appropriate actions in order to support development of the knowledge areas. These actions should use various instruments, ranging from leadership issues, organizational development, infrastructure and resources (including IT), human resource management, to process design. Action planning must also include traditional project management techniques (e.g., standard risk management, project, planning, staffing, and cost/benefit analysis).

**Issues in Organizing the Knowledge Strategy Process**

The knowledge strategy process is performed by means of a set of interviews and workshops. The number of workshops depends on the level at which the process is initiated. The general approach is as follows:

- An interview with the business owner to identify the major issues in the context of the business case (step 1). During the interview, consensus should be achieved about the boundaries of the business case, which people should be involved, and how preparation could be started for next activities.
- An initial workshop bringing together relevant stakeholders on a corporate level. This workshop will be focused on all steps but issues are raised on a general level. The workshop will result in a clear view of which indicators and knowledge areas are important on a corporate level, while giving direction to further analysis. The outcome of this workshop could be a selection of specific knowledge areas at which next steps are required. Another outcome could be that the analysis will focus on a different or additional perspective (i.e. a specific process or product).
- For each appointed knowledge area, steps 3 to 6 can be repeated for different stakeholders. The results will be more detailed and the action plan will be more focused.
- In case of a different or additional perspective, steps 1 to 6 should be once again performed involving different stakeholders.

Although all the steps can be performed in one day at workshops, experience has shown that breaking up the process into several activities is most optimal.

**Key Success Factors**

- The knowledge strategy process is an iterative one. During this process, participants share their opinions, information is gathered and analyzed, and the result is a shared vision. This process is not linear, but must use ongoing insights.
- The added value of this approach is that various shareholders share their opinion and perspectives. Communication among the shareholders is as important as the outcome. Therefore, it is important to involve all relevant stakeholders related to the business case. Moreover, the discussions that occur during workshops must be recorded, for they contain important information about relevant issues and opinions.
- To develop a knowledge strategy, one can start on a general level and repeat the process for more specific knowledge areas, units, or products.
- This process should be integrated in the strategic management cycle and repeated when necessary.
- It is imperative to use existing, well-established key performance indicators in this process. If a company lacks an effective performance measurement system, it is unlikely to provide fertile grounds of knowledge management.
- The teams involved in the knowledge strategy process must have a balanced composition. It is crucial to have the right mixture of management, topic specialists, and knowledge-related staff functions.

**CONCLUSION**

A key factor in decision-making is the depth of the knowledge involved and the scope of the related variable both of which enable the formulation of a knowledge strategy. Knowledge strategy process is a tool in the hand of the KM group to plan activities. In knowledge strategy, the knowledge areas that affect the business case are identified. In this process, the effect of each of these knowledge areas is determined. The shortcomings in any knowledge area are identified with respect to three factors: proficiency building, codification, and diffusion. By formulating the knowledge strategy of a business, the set of activities required for achieving the expected situation can be defined and planned for. In effect, the main outcome of the knowledge strategy process is the activities that respond to business strategy, the business case, and the knowledge areas.

Knowledge strategy provides the management with a framework that clarifies its importance in the current and future situation of the business. Generally, knowledge strategy determines how knowledge is translated into action. It clarifies goals and expectations, thus making the results of knowledge management measurable. This is a dynamic and
living process. That is, it must change and adapt to the changes in business strategies, business environments, and social and scientific changes.

REFERENCES


