

# Knowledge Management Strategies for Business Development

Meir Russ

*University of Wisconsin-Green Bay, USA*

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This chapter will provide the reader with two definitions of knowledge, one at the individual level, the other at the organizational level. This will be followed by connecting the knowledge base of the organization to its sustainable competitive advantage by using a multiple-layer framework of organizational knowledge. Then, the chapter will discuss the frameworks of knowledge management vision, mission and goals for the organization. Temporary and functional gap analysis frameworks will follow. The chapter will end with a brief description of three tools developed by the authors.

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This chapter investigates how the hospitality industry of the Northern Territory of Australia achieves organizational flexibility in dynamic labor environments. A case study in the Northern Territory of Australia reveals a new type of organizational flexibility, “relational flexibility.” Relational flexibility is the result of behaviors, which go beyond the scope of job descriptions, used to repair the relational disruptions of labor changes and to adapt to the inevitability of labor dynamism. With relational flexibility, hospitality businesses can become flexible, responsive, and adaptable to dynamic labor environments while ensuring knowledge management activities are not inhibited. This research highlights the central role of peer relationships in dynamic labor environments and contributes to the organizational flexibility, staff turnover, and hospitality knowledge management literature.

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Emergent strategy provides for both planned and reactive aspects of strategic planning. It also identifies that strategy as implemented will often have different characteristics than originally anticipated. Today, even traditional, non-knowledge based organizations have adopted comparatively high levels of computerization compared to a decade ago. Enterprises now rely extensively on digital systems for data handling across operational and administrative processes. This chapter maintains that detection and reporting capabilities inherent in information technology (IT) can themselves be exploited as a strategy for managing knowledge. Using feedback loops to describe the dynamics of systems lets an organization capture and communicate intended strategy and emergent characteristics of the actual strategy along with changes in the execution environment. The role of IT as an execution capability required for both business strategy and knowledge management is examined, along with the need to more quickly align the business processes that use IT services to changes in business strategies or priorities. Advances in IT assisting in requirements discovery, system design and development- including use cases, patterns, decision modeling, and aspect-oriented software-are discussed. Techniques to capture and communicate knowledge vital for aligning organizational capabilities with emerging strategies and competing priorities are evaluated. A predicted emergent business pattern as a tool for managing the capture and communication of organizational knowledge is proposed. This includes techniques for defining strategy and decision elements as data about processes that can be used during execution to trigger notification and appropriate handling of exceptional events.

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#### Knowledge Management Audit

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<i>Meir Russ, University of Wisconsin-Green Bay, USA</i>	
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Companies tend to start their knowledge management initiatives with a knowledge management audit. A framework used for developing this specific audit, as well as some issues encountered while utilizing the audit, are illustrated. A number of benefits and weaknesses are also identified. Finally, a detailed, open-ended audit tool is introduced, knowledge assessment review and management audit-KARMA.

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<i>Philip Mattek, University of Wisconsin-Green Bay, USA</i>	

Knowledge management is many things to different people. Within complex organizations, this reality needs to be acknowledged. For an organization to utilize and enhance knowledge for competitive advantages, systems and culture need to be analyzed within the context of an organization's strategy.

Once analyzed, an honest appraisal of the knowledge systems in place and those needed to fulfill the strategic goals of the organization will have to be performed. For everyone within an organization to be able to “pull in the same direction” and achieve maximum value from a knowledge management system, that system will have to mean the same thing to all. If a knowledge management system is to be central in maintaining a competitive advantage for organizations, it will engulf the organization. To understand financial systems, audits are undertaken to ensure that systems provide the information as expected. It is well understood that for financial information to be meaningful, it must be understood. To be understood, it must be logically prepared and presented in a manner useful and timely to the end user. Through an audit process of this nature performed on knowledge management systems within the context of business strategy and culture, an organization learns what is needed to get their divergent individuals on the same page, as it were, to fulfill the promise of enhancing its most valuable resource in a competitive world. This chapter examines how to systematically conduct a knowledge management audit. By design, the audit was simplified and designed around a single specific issue. By breaking apart where the organization needs to go and combining it with a study of what it will take to get there from a knowledge management systems standpoint, individuals can come together to build the framework literally from the ground up. Companies can use this framework to assess how they plan with knowledge management as the central, differentiating factor in their business strategy.

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*Carolina López-Nicolás, University of Murcia, Spain*

*Ángel L. Meroño-Cerdán, University of Murcia, Spain*

Due to contradictory results obtained in knowledge management (KM) initiatives, a model of audit is presented. The main action in the international project “Strategi” is the development and application of a model to diagnose and propose suitable recommendations concerning the management of knowledge and intellectual capital of a firm. A brief description of the model is presented after the exposition of its key scientific assumptions.

## **Section 3**

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C<sup>3</sup>EEP Typology and Taxonomies: Knowledge Based (KB) Strategies ..... 133

*Meir Russ, University of Wisconsin-Green Bay, USA*

*Robert Fineman, Independent Consultant, USA*

*Jeannette K. Jones, American Intercontinental University, USA*

This chapter proposes the C<sup>3</sup>EEP typology as a framework of knowledge management strategies by using six knowledge based strategic dilemmas. A number of graphic presentations of the complete typology are reported. Based on the typology, nine taxonomies of knowledge management (KM) are proposed and are followed by a framework that uses the six dilemmas and the knowledge levers as leading dimensions for the development of organization’s knowledge management strategy. The proposed typology and taxonomies are closing a gap in academic knowledge management and strategic management literatures.



## **Chapter 8**

Linking Exploration and Exploitation Capabilities with the Process of Knowledge

Development and with Organizational Facilitators ..... 159

*César Camisón-Zornoza, Jaume I University, Spain*

*Montserrat Boronat-Navarro, Jaume I University, Spain*

Knowledge management is a fundamental capability in today's evolving markets. Management needs to understand which organizational processes are necessary to trigger each of the stages in knowledge development. The objective of this study is to outline the main concepts and stages in the process of knowledge development in organizations and the organizational activities that have a positive influence on those stages. A conceptual framework is proposed which combines the model of knowledge development proposed by Nonaka (1994) with the concepts of exploration and exploitation initially described by March (1991). Information systems are seen to play a fundamental role in supporting this process, especially in activities related to exploitation capability.

## **Section 4**

### **Knowledge Management Strategy**

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*Meir Russ, University of Wisconsin-Green Bay, USA*

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*Riccardo Paterni, Professione Lavoro®, Italy*

*Jeannette K. Jones, American Intercontinental University, USA*

The chapter will describe a comprehensive planning framework for developing a company's knowledge management strategy. The framework includes the goals and game plans of the strategy and the use of three enablers supporting such a strategy: levers, processes, and systems. This is complemented by the development of an action plan while considering the resources needed and the constraints present. The framework also includes the discussion of aligning the knowledge management strategy with the company's business strategy as well as with the organization's knowledge base and core competencies. The chapter uses two cases to illustrate some of the aspects discussed.

## **Chapter 10**

Aurora Health Care: A Knowledge Management Strategy Case Study ..... 216

*Thomas Ginter, Aurora BayCare Medical Center, USA*

*Jane Root, Aurora Medical Group, USA*

Aurora Health Care, Wisconsin's largest employer and healthcare provider faces intense competition, consolidation, and reform. Its choice is to view these challenges as opportunities instead of problems. A key component to realizing Aurora's opportunities is an aggressive knowledge management system. They understand that to maximize their potential, they must get the most out of their knowledge management. The purpose of this chapter is to present to you a case study of knowledge management applications

in the healthcare industry through the many lenses of Aurora Health Care. First we will describe the background of this accomplished healthcare provider. We will then look at their business and knowledge management strategies. Next will be a review of the major components: core competencies, knowledge base, culture, implementation, and key success indicators.

## **Chapter 11**

Strategic Alliances and Knowledge Management Strategies: A Case Study ..... 240

*Mario J. Donate-Manzanares, University of Castilla-La Mancha, Spain*

*Fátima Guadamillas-Gómez, University of Castilla-La Mancha, Spain*

*Jesús D. Sánchez de Pablo, University of Castilla-La Mancha, Spain*

Managing organizational knowledge in alliances implies establishing the best possible strategic design to create, acquire, maintain, transfer, and apply organizational knowledge developed between the partners (or acquired from partners) in order to achieve competitive goals. In this chapter, the role of knowledge management strategy (KMS) in strategic alliances is analyzed in a technology-intensive company. Focusing on this, the importance of alliances for technological companies and the necessity of designing suitable KMSs in alliances—in terms of establishing objectives, knowledge management tools, and support systems—are explained first of all. This is followed by the analysis of a case study of KMS in the strategic alliances of a company currently developing different businesses in technological settings. Finally, a number of conclusions are discussed, based on how the implementation aspects concerning KMS in strategic alliances have been managed and the way they have contributed to the attainment of the company's objectives and goals.

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Creating and Delivering a Successful Knowledge Management Strategy ..... 261

*Jiming Wu, California State University, USA*

*Hongwei Du, California State University, USA*

*Xun Li, Nicholls State University, USA*

*Pengtao Li, California State University, USA*

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.

## **Chapter 13**

Aligning Business and Knowledge Strategies: A Practical Approach for Aligning

Business and Knowledge Strategies ..... 277

*Lars Taxén, Linköping University, Sweden*

The alignment of business and knowledge strategies necessarily includes the individual and the organizational perspectives. A major problem in this context is to reconcile these perspectives into a common

framework for alignment. To this end, an intermediate level is introduced—the activity domain. The activity domain is a canonical structure comprising all kinds of organizational units, irrespective of size and organizational level. The organization is regarded as a constellation of activity domains, each having a capability to produce an outcome that the organization needs in order to fulfill its goals. Alignment is defined as the management of dependencies between capabilities such that these capabilities fit the business’s strategic intents. As a consequence, business and knowledge strategies can be linked to the same target—the activity domain. Practical guidelines and alignment targets for these strategies are suggested.

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### **Knowledge Management Functional Strategies**

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SMEs and Competitive Advantage: A Mix of Innovation, Marketing, and ICT—The Case of “Made in Italy” ..... 310

*Eleonora Di Maria, University of Padova, Italy*

*Stefano Micelli, Ca’ Foscari University, Italy*

The global economy is transforming the sources of the competitive advantages of firms, especially for firms embedded in local manufacturing systems. Based on the theoretical contributions to knowledge management and industrial districts, this chapter describes alternative firm’s strategies and upgrading options by exploring the relationships among innovation, marketing, and network technologies. Starting from the analysis of the Global Competitiveness Report and the European Innovation Scoreboard, this chapter focuses on the case of firms specializing in the “Made in Italy” industries (fashion, furniture, home products) to outline a framework explaining the new competitive opportunities for SMEs. Through a qualitative analysis the chapter presents four case studies of Italian firms that promote successful strategies based on a coherent mix of R&D-based innovation, experienced marketing, and design by leveraging on ICT.

#### **Chapter 15**

Knowledge Management for an Effective Sales and Marketing Function ..... 324

*Amit Karna, European Business School, Germany*

*Ramendra Singh, Indian Institute of Management, India*

*Sanjay Verma, Indian Institute of Management, India*

In the last decade, knowledge management has been receiving managerial attention particularly in the post-Internet era. With advancements in information and communications technologies, the incentives to manage knowledge have far surpassed the costs associated with it. The sales and marketing (S&M) function is one of the important functions in an organization with a unique blend of internal and external stakeholders to cater to. Another unique feature of knowledge management in the S&M function is that it lies on the interface of the organization with its customers. Therefore, information that comes into the organization through sales and marketing employees is often collected, filtered, and assimilated in different forms and with time lags. This chapter is aimed at familiarizing the readers with the im-

portance of managing a continuously churning ocean of knowledge in the S&M function. We address various knowledge management issues and opportunities in the context of S&M and recommend a set of guidelines to enable managers increase the effectiveness of the S&M function by using appropriate knowledge management tools and strategies.

## **Chapter 16**

The Implications of the Development and Implementation of CRM for Knowledge Management ..... 338

*Diana Luck, London Metropolitan Business School, UK*

Throughout the past decade, CRM has become such a buzzword that in contemporary terms the concept is used to reflect a number of differing perspectives. In brief, CRM has been defined as essentially relating to sales, marketing, and even services automation. CRM has also been increasingly associated with cost savings and streamline processes. Accordingly, the topic has been widely covered in terms of its alignment with business strategy. However, there appears to be a paucity of coverage with regards to the concept's alignment with knowledge management. This chapter demonstrates how CRM in fact pivots upon the dynamics of knowledge management. Furthermore, this chapter emphasises how by lieu of its conceptual underpinnings and operational dimensions, CRM is aligned with business development in the context of knowledge management. References have been made to specific strategies and tactics within the hotel industry in order to illustrate the relevance of this contended association.

## **Chapter 17**

Quality and Continuous Improvement in Knowledge Management ..... 353

*Nicole M. Radziwill, Espresso Labs, USA*

*Ronald F. DuPlain, Espresso Labs, USA*

Knowledge management requires people to synthesize and interpret information, and technologies to organize, make sense of, and draw conclusions from the collection of knowledge. Together, these people and technologies shape part of a sociotechnical system. The relationships between them make the sociotechnical system behave as a network, where communication and knowledge transfer can occur, and the network becomes a community once elements of the system interact in meaningful ways. The quality of a knowledge management system depends on how well these meaningful exchanges are promoted and cultivated. This chapter examines how to construct a high-quality knowledge management system, taking into consideration the challenging sociotechnical nature of such an effort. By relating the four stages of a continuous improvement process, the five measures of quality within a knowledge management system, and EASE (Expectations, Actionability, Sustainability, and Evaluation), we present an approach to examine the business processes associated with knowledge management. Managers can use this framework to assess the quality of knowledge management systems and formulate strategies for continually improving them.

## **Chapter 18**

Translating Knowledge Management Practices into the Boundaries of Supply Chain ..... 364

*Ozlem Bak, University of Brighton, UK*

This chapter aims to evaluate the application of knowledge management (KM) literature in supply chains. The underlying understanding derived from this evaluation can be used to devise a valid business strategy to encourage knowledge management practices in supply chains. The concept of a supply chain encompasses businesses organised around a common goal of delivering a product or service from the initial supplier to the end customers. In this respect, the importance of knowledge management within the boundaries of supply chain management has been iterated by many authors; some underline the strategic and tactical importance of knowledge management, whereas others focus on the advantages and tools used to create knowledge in supply chains. The difficulty of assessing knowledge management is twofold when considering supply chains—first, the underlying difficulty of locating the trail of knowledge creation in supply chains and secondly how this can be utilised to devise a business strategy. On close examination of the literature in this field, we can identify a salient need for the theoretical categorisation of existing theoretical frameworks of supply chain management (SCM) on KM-related practices. This chapter explicitly looks into three supply chains, namely learning chains, virtual chains and build-to-order supply chains, and the specific challenges that these create for knowledge management and devising a valid business strategy.

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