



## KNOWLEDGE MANAGEMENT

Management with  
knowledge as a focus.

A systematic approach to learning as part of the business cycle. A set of accountabilities, processes and technologies, set within a system of governance, to support improved future performance and better decision making

## KNOCO LIMITED

One of the world's most experienced consultancies specialising in Knowledge management, lessons-learned and organisational learning.



# An introduction to Knowledge Management

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# Knowledge Management

## Reference Material

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Our blogs

[www.nickmilton.com](http://www.nickmilton.com)  
[www.rupertlescott.blogspot.co.uk](http://www.rupertlescott.blogspot.co.uk)  
<http://blog.vedalis.com>  
<http://www.catenaria.cl/nl.php>  
<http://neos.cat/>

Our books

The Knowledge Manager's Handbook  
 Designing an Effective KM Strategy  
 The Lessons Learned Handbook  
 Knowledge Management for Sales and Marketing  
 Knowledge Management for Services, Operations and Manufacturing.  
 Knowledge Management for Teams and Projects  
 Performance Through Learning

Knowledge Management (KM) as a management discipline, is now 20 years old. It passed through the stage of being a fad in the late 20th century, and is emerging as a solid approach to realising the value of an untapped organisational asset - the collective knowledge of an organisation's staff. Once the province of the big western multinationals, KM is spreading to medium and small organisations across the globe, who are now delivering the value of this new and powerful approach to "managing what they know".

## What is Knowledge Management?

Knowledge Management is management with a focus on the value of knowledge. It is a systematic approach to learning and to the development and deployment of knowledge as part of the business cycle: a framework of roles, processes and technologies, set within a system of governance, to support improved future performance and better decision making.

Peter Drucker famously said "The most important contribution of management in the 20th century was the 50-fold increase in the productivity of the manual worker. The most important contribution management needs to make in the 21st century is similarly to increase the productivity of knowledge work".

Knowledge management is the management approach that will deliver this productivity increase.

## Knowledge Management is different from ....

- Information management
- Data management
- Document management
- Training and development
- Competitive intelligence
- Customer relationship management

## Why is Knowledge Management needed?

Knowledge management is needed for any business where knowledge is a key resource (see the section below on ISO standards).

In today's world, this is driven by several factors:

**The move to the knowledge economy;** the agriculture economy is history, the manufacturing economy is passing, the knowledge economy is the new watchword, and knowledge has become the critical resource. The smart companies will be those that manage this resource well.

**The need for rapid innovation** as the pace of global business change accelerates means that knowledge creation and knowledge deployment is a vital survival trait for organisations. The new world belongs to the fastest learners.

**An ageing Western workforce** leads to the risk of knowledge loss as the experienced "baby boomers" retire, potentially taking decades of knowledge with them.

**A growing young eastern workforce;** the market leaders of tomorrow have to ensure their growing workforce have access to the high quality knowledge they need to compete in the global economy.

## Knowledge Management and ISO standards

An ISO standard for Knowledge Management is being developed. In the meantime the ISO Quality standard 9001:2015 recognises knowledge as a resource, and says that companies should determine the knowledge necessary for the operation of their processes and to achieve conformity of products and services. This knowledge shall be maintained and made available to the extent necessary. When addressing changing needs and trends, the organisation shall consider its current knowledge and determine how to acquire or access any necessary additional knowledge and required updates.

## What our customers have said

"Nick Milton, his partner Tom Young, and his colleagues at Knoco have been indispensable in helping BP craft its new approach to KM as well as help create and deliver the training program that goes with it. I use Knoco as my first choice in a KM consultancy, on either side of the Atlantic. Five stars out of five".

Walt Palen, BP

"When Pan American Energy wanted to set a KM System, it contacted Knoco as consultants. They did an excellent job because they helped us to learn how to set a KM system, based on the company's objectives".

Hernan Oberlander, PAE

"Having worked with Knoco on the Learning from Experience program at AstraZeneca, I can vouch for their practical, real-world guidance for applying knowledge management principals to industries such as pharmaceuticals. And they're great people to work alongside"

Alison Zartarian, AstraZeneca

"Unlike many so called 'KM experts', Knoco's advice is based on sustained experience of implementing KM in many different companies and contexts".

Claire Chaundy, BBC

## What value does Knowledge Management deliver?

The value of knowledge management depends on the organisation and its goals. In a recent survey, participants identified the following benefits, listed in order of importance:

Reduced time to competence for new staff  
 Reduced project or operational costs  
 Reduced project or activity cycle time  
 Improved customer satisfaction  
 Improved bid win/loss ratio  
 Improved safety record  
 Improved market share

In the same survey, we asked participants to estimate or state the value KM had delivered their organisation to date. This depends on company size, as shown below (these numbers do not include companies just starting in KM).

Company size (number of staff)	Ave estimated value from KM (\$m)
Tens of staff	.5
Hundreds	1.5
Thousands	20
Tens of thousands	280
100,000 or more	380

Although the case studies quoted here are from large companies, this table shows that KM delivers value whatever your size. [A study from California State University](#) showed that on average, superior KM firms were 5 percent better in four key categories: return on assets, return on sales, operating income to assets and operating income to sales. Not only were the superior KM firms more profitable, they garnered more income from each dollar of their assets.

KM also has positive effects on employee engagement and retention.

## Case histories

Halliburton applies KM through the use of knowledge sharing networks, or "communities of practice" (CoPs). Community initiatives are required to show measurable results directly linked to financial performance.

As an example, a global CoP within a critical business unit produced the following measurable results in one year:

- Lowered customer dissatisfaction by 24%
- Reduced cost of poor quality by 66%
- Increased new product revenue by 22%
- Improved operational productivity by more than 10%

Tata Steel reported significant savings in saleable steel costs in 2002 to the tune of \$700,000 thanks to its KM initiatives

EMC's KM practice helped improve worldwide sharing of solutions and shorten learning curves. The company reported a 10% reduction in training costs, 15% call avoidance, and 37% faster resolution of customer queries thanks to its Knowledgebase workflow repository

At MITRE, tangible benefits of KM were realised in reduced operating costs, improved staff productivity, and cost avoidance. Over a three-year period, this included \$16.6 million in labour and material costs

i2 used knowledge-centric strategies to position new products to new clients in a shorter period of time. Their knowledge

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## What is involved in Knowledge Management?

There are several possible components to KM, depending on the needs of your organisation. The most common are as follows:

**Connecting people** through knowledge sharing networks; allowing them to collaborate, share knowledge and solve problems.

**Learning from Experience;** identifying lessons from projects, products and activities, and using these lessons to improve the way you work.

**Building best practices;** comparing knowledge across the organisation, and finding the best ways to do things for any given context.

**Better access to documented knowledge;** through the development, management and maintenance of knowledge bases, and through improved searching and browsing.

**Retention of knowledge at risk of loss;** ensuring the knowledge of experts does not leave the organisation, but instead is retained and transferred to those who need it.

**Improved Innovation;** improving the way new knowledge is created, developed and deployed.

Knowledge Management delivers the most value when it is tightly linked to your organisational strategy and structure, and so every organisation needs a tailored KM framework of roles, processes, technologies and governance. However this framework will almost certainly contain some or all of the six elements described above.

## Three main flavours of KM

Knowledge management comes in four main styles, one of which will apply to your organisation.

- **Process focused KM**, using knowledge to improve processes and practices.
- **Product focused KM**, using knowledge to improve product development and sales.
- **Customer focused KM**, supplying knowledge to the customer, via service desks or self-help.

## How do we get started?

Most organisations already do some elements of KM already, but seldom in a systematic, managed and joined-up way. The journey to effective value through managed knowledge is shown in the picture below, as follows:

- An introduction to the topic, including our Bird Island workshop
- An assessment of the current state, to find out what you are already doing, and what gaps need to be filled
- Development of a KM Strategy, linked to your business goals
- Design of a KM Framework
- Piloting and testing the framework system within the organisation
- Roll-out of the tested framework, as a change management process
- Operation of the KM Framework, and value delivery.

Contact us for further details at [www.knoco.com](http://www.knoco.com)

