The critical perspective of knowledge management systems commerce essay

Knowledge management is a set of processes to identify, create, represent and distribution of knowledge so that it can be used to repeat and to improve the processes. This can be within the organisation (internally) and outside the organisation (externally). Organisation uses knowledge management system to manage their insights and experiences to improve their performance, integrate their activities with the help of knowledge in a better way, to gain make innovation and to get competitive advantage. Knowledge is the intangible asset of an organisation which organisation can share it with its employees to train them for the betterment of the organisation. As the technology is getting very advanced with rapid pace, knowledge management with the help of technology is getting popular. This helps organisation to store knowledge to its database so that it can be retrieve whenever is needed and can be communicated easily.

Knowledge management increase the ability of an organisation to learn from its environment and use that knowledge into its business processes. Internally, knowledge can be in the mind of employees. It reside their and if there is no proper management of knowledge, it will move as the employee left the organisation. So organisation understands this problem that is why they start using knowledge management system to store that knowledge which is in the mind of employee. That knowledge which is in the mind of the employee is called tacit knowledge and the knowledge which is being documented is called explicit knowledge.

Aligning knowledge management strategy with business strategy

Business strategy of an organisation is the overall strategy that is based on the different individual's strategies. Organisations are always looking for managing their different strategies like financial strategy, human resource strategy, IT strategy, etc to achieve their business objectives. Knowledge management got its name on list to help organisation managing their knowledge by using different tools so that knowledge can be compile in the usable way. To turn the data into useful information, organisations must expand resources to organize data into categories of understanding, such as monthly, daily, regional, or store based report of total sale. To transform information into knowledge, a firm must expend additional resources to discover pattern, rules and contexts where the knowledge works.

" Knowledge is our lifeblood. And documents are the DNA of knowledge", Rick Thoman, President and CEO, Xerox corporation, November 1999. (2)

By having knowledge, an organization can understand how to explore and develop its traditional resources better than its competitors, even if some or all of those traditional resources are not unique. This is the business strategy which can be achieved with the help of knowledge. Therefore, knowledge management strategy has to be solidly linked to business strategy in order to create economic value and competitive advantage. (3)

Using information technology, organizations build their centralize data base of knowledge. There are different sources from where information can be achieved.. These sources can be internal and external. From internal

sources, organisation gets information from employees, from different management practices and from experiences. Externally, organisation gets information from suppliers, customers, competitors and from the market. This data is then compiled into useful format to enter into the data base from where it can be assessing easily and can be shared within and outside the organisation. After compilation this data which is called knowledge now, is stored. Then organisation uses this knowledge to achieve their business objective. In today's environment where competition is very high, organisations emphasis on knowledge management to maintain quality of their product, do continuous improvement and innovate products which give them competitiveness.

(2) Case study of Xerox: Building a corporate focus on Knowledge

(3) Developing a knowledge strategy. pdf (application/pdf Object)

http://www. itu. dk/~kristianskriver/b9/Developing%20a%20knowledge%20strategy. pdf

2. 1   SWOT analysis

SWOT analysis (strength, weakness, opportunity and threat) is a business strategy that a firm use to get competitive advantage . Organisations internal capabilities; strength and weakness describe how much opportunity and threat it has from its environment. Knowledge management strategy (internal strength) gives organisation a huge opportunity by managing and storing the expertise of its employees. This helps organisation to achieve its business strategy if it is managed properly. (4)

2. 2 Caterpillar

Organisations which are operating globally have different business units across different geographic area like caterpillar. Those organisations have to manage the product and service. These organisation use IT to manage their knowledge so that when it is needed in another business units, they can access it within no time. Caterlillar provide maintenance services for its machinery throughout the world where it have customers. Its strong knowledge management system helps caterpillar to boost its business strategy to get competitive advantage . By using knowledge sharing system, different units of caterpillar create synergy to run the same maintenance system everwhere. It also help caterpillar to create a benchmark of quality which help to train its employee in future.(5)

Thirty years ago, Caterpillar Inc.-a Fortune 100 manufacturer of construction and mining equipment, engines, and gas turbines-operated with roughly 70 percent of its outstanding value in hard assets and 30 percent in intangible assets. Today, the numbers are dramatically different: Caterpillar's intangible assets, such as intellectual capital, account for 85 percent of its value.

In 1999, Caterpillar Inc. faced a knowledge drain that threatened the company's continued growth. At the time, more than half of Caterpillar's senior leadership team was eligible to retire-or would become eligible to do so within five years. The very same trend, says Caterpillar University Strategic Learning Manager Frederick Goh, was also reflected in Caterpillar's general employee population.

One of the programs Caterpillar initiated to meet this challenge is the Knowledge Network, a homegrown, knowledge-sharing platform (which has since been commercialized and made available for sale to others) that enables Caterpillar employees, dealers, suppliers, and others worldwide to access, share, and codify their knowledge.(6)

(4)Knowledge Strategy

http://web. cba. neu. edu/~mzack/articles/kstrat/kstrat. htm

http://www. itu. dk/~kristianskriver/b9/Developing%20a%20knowledge %20strategy. pdf

(5) Caterpillar's knowledge network

http://www. managesmarter. com/msg/content_display/training/e3iff0e5ee8955eaff0673246a02618178b? imw= Y

(6) Virtual communities At Caterpillar Foster and Knowledge sharing /Training and development

thttp://findarticles. com/p/articles/mi_m4467/is_200406/ai_n21350864/

3. The effect of structure, style or cultural of an organisation on its knowledge management

3. 1 Effect of Structure

Absolutely: Structure of an organisation play a major in knowledge management system. If the structure of an organisation is hirerical

(formalized from top to bottom) then that structure effects in a negative way. This structure will not help social atmosphere in the organisation which will create problem for the knowledge management. Innovative and cooperative climate is positively related with social climate, that when organisation structure is less formalized, more decentralized, social interaction is more positive. That social interaction positively relate to knowledge management. If the structure of an organisation is decentralized like Toyota, people are empowering at the lowest level. At that level (Lowest), if there is any problem occur, people use to interact with each other if they don't know about its solution. Knowledge management system can be installed in that scenario so that that information which people share can be compiled into a useful format to store into data base . Their experiences and knowledge are then compiled to use in innovation and continuous improvement. That also helps to train new employees.

3. 2 Effect of culture

Organisational cultural or Style is behaviour, action and values that people in an organisation are expected to share and follow. So organisation cultural is the key to manage organisational change and reward system which effect knowledge management system. As the business environment has dramatically changed from the last couple of decades, this creates a competitive environment among organisation to manage their knowledge asset as this cannot be stolen by the competitors. Small organisation mostly believes in the tacit knowledge. That believes that the person who has knowledge in his head is their asset. But big organisations believe mostly in explicit knowledge as if the person leave organisation, they don't miss the

knowledge which he got. It's all about culture within the organisation that defines the way of their management of knowledge.

Knowledge management is a rather a new phenomenon and is in the initial stages of its exploration. In order to develop new knowledge and use the knowledge which already exists within organizations, it seems essential to create an atmosphere of trust and security to encourage innovation, experimentation and risk taking (Lopez et al., 2004). Although, some of the large multinational firms, local institutions, development sector organizations, public and private departments and the financial institutions are working on knowledge management, still the concept is localized to a few information system wizards within these organizations (Khilji, 2001). There is a lack of empirical evidence about what are the specific cultural variables that support knowledge management processes and help in development of knowledge culture (Oliver & Kandadi, 2006).(7)

(7)SAEED. pdf (application / pdf Object)

http://asbbs. org/files/2010/ASBBS2010v1/PDF/Added/SAEED. pdf

3. 3 Conclusion

On the whole, organisational structure and culture plays an important role in knowledge management system. As organisations are shifted from traditional approach to knowledge management organisations, their strength of managing knowledge will play a major role in their competitiveness. Information technology is getting more advanced, organisation have to use technology in managing their knowledge . Only technology cannot give

organisation competitive advantage; it's the effective implementation of technology.

If organisation is centralized and don't have culture of managing knowledge, then it will be very hard to bring change and manage knowledge. The Columbus project at Royal Bank of Scotland is the biggest example of structure and culture problem. BPR was used to change the structure and culture of Royal Bank of Scotland but its culture did not suit radical change. Project managers found it very difficult to manage IT skilled workers which were on contract based and permanent workers. It was a centralized system and new system was supposed to empower people at every level but it did not work. The culture of the bank was not socialized that is why it did not except change. (8)

At the end, it is suggested that knowledge management should used in the organisations where structure is decentralized and atmosphere is social if this system is not already there.

(8) Case study: The new Branch Project at Royal Bank of Scotland: the implementation of large-scale business process re-engineering

PART B

Case Study: Xerox

Xerox established in 1906 as a photographic paper maker. After many years as a paper maker company, Xerox changed its identity in 1980's as a document based company. It started it knowledge management right from

the start. It got couple of awards for best practicing company of knowledge management in different years.

4. 1 Problems

Xerox is a documents based company. It provides services to its customers after it sell its products. The problem with the provision of services to its customers before the use of knowledge management strategy was that it takes lot of time for Xerox workers to understand the problem and fix it. Then if another customers has the same problem, may be any other part of the world, they have to start from the scratch. So it's all waste of time and resources.

Another problem that Xerox faced internally was the flow of information around. People use emails to contact with each others. It took lot of time to get the things sorted and reach a solution. Also the storage of that record was another problem.

4. 2 Needs

Xerox needs a centralized system from where it can share its best practices. Its researchers were working on different projects. To avoid duplication of their efforts, Xerox needs a platform from where those researchers can share their findings and compare with others researchers.

Also, Xerox needs a medium from where its technicians around the world can share their best practices and solution of problems which they fixed so that to avoid the duplication of effort. This save time and resources of Xerox and provide a quality service to its customers.

4. 3 Tools used by Xerox to fix the problems

Xerox use different tools to overcome these problems. This help Xerox to manage knowledge in a more efficient way and use this knowledge to continuous improve its processes and reduce waste. IT plays a major role in implementation knowledge management strategy within the whole organisation. Different software used by the Xerox to overcome these problems.

4. 3. 1 AmberWeb

Xerox takes different initiatives to overcome these problems. First, it develops AmberWeb, to help its scientists who can share their best practices across the organisation. This can be internally and also for the scientist working externally. With the help of this medium, those scientists share a common practice and area of interest. This helps Xerox to manage that knowledge and use it in a better way.

Basically, AmberWeb (which Xerox has developed into the DocuShare product) serves Xerox as a collaborative workspace with document management abilities. In terms of sharing, a document publisher can mark the document two ways. " Private" means that a non-approved user would not see that it exists. For example, the publisher could send the document only to a specified workgroup until enough progress was made to make it available to all. A " not private" allows all users to see it exists, but if they don't have rights, they are told whom to contact to find out more information. (9)

People stop sending Email attachments and long files which help Xerox to save time.

4. 3. 2 Eureka

This is another tool Xerox used to help its service reps in fixing the problems. This is a web based system where knowledge is stored and it has the facility to search the relevant solution of problems. If a service rep finds a problem and need to fix it, he uses this software from his laptop to find the suitable solution and fix that problem quickly. This helps them to minimize time and provide a better quality service which give Xerox competitive advantage on its competitors. The benefit of this software is that information can be stored in any formate. It can be text or a video.

Helping improve customer service provides a competitive advantage to Xerox, said Holtshouse, adding that the company is talking about making Eureka a product.

The development o f those types of products is core to both Xerox's corporate strategy " to supply total document solutions that enable customers to better manage and share knowledge" and solutions strategy to " develop and deliver complete, paper-to-digital networked solutions around Xerox document software, hardware and services."(10)

4. 4 Current position with respect to knowledge management

As being the document company, Xerox feels that knowledge management is directly related with documents. With that, Xerox use this subject as a mainstream of the business as fast as possible by having knowledge

management as a part of their long term strategy. Knowledge management has also become part of their marketing strategy so that it run as a blood in company overall business strategy.

(9)(10) Xerox: from internal solution to KM product: KMWorld

http://www. kmworld. com/Articles/Editorial/Feature/Xerox-from-internal-solution-to-KM-product-9059. aspx

Xerox has a big community of experts on which it build its network. A forum was established on which experts from different locations share their expertise and knowledge. It receives million calls per month for either prevention or maintances. There is a huge amount of knowledge being used and this is a continuous process. It develop a processes supported by software but to achieve a success, it need its culture to be social. That's what Xerox achieved. Its engineers and scientists share their knowledge and expertise. (11)

5. My Suggestion of Knowledge Management Strategy

Xerox should use one centralised software to manage its knowledge. As IT is very advanced, they should include more videos of the solutions. Also, they should develop a benchmark to manage knowledge into their data base. Raw information should be converted into useful knowledge to avoid ambiguity. For that they should have panel of experts who studies that data and if they is according to benchmark, it should be included into database.

6. Effectiveness of this strategy

By using a centralised software Xerox workers from inside and outside organisation can access the solutions as well as they can formally contact with their peers and management. Also that knowledge can be used to train new staff and they can learn easily how to communicate effectively. More videos can help training new staff as this shows the solution in a better way.

(11)The Knowledge Sharing: A Perspective from Xerox – The document Company

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