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Knowledge Management Implementation Impediments: Strategic Alignment and Expensive Learning Curves

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Knowledge Management

Implementation Impediments:

Strategic Alignment and Expensive

Learning Curves

“Investment in intellectual capital almost invariably provokes further complementary investments, producing a self-feeding circle of investment and value creation.”

(Stewart)

“Interestingly, some technology experts and academic scholars have observed that there is no direct correlation between IT investments and business performance or knowledge management. For instance, Erik Brynjolfsson, a professor at MIT Sloan School, notes that: “The same dollar spent on the same system may give a competitive advantage to one company but only expensive paperweights to another.” Hence a key factor for the higher return on the IT dollar is the effective utilization of technology. How industry executives should go about deciphering the mantra of ‘effective utilization,’ however, remains an illusive issue.” **(Malhotra)**

Despite the recent advancements in computing technology that have increased corporate productivity and enabled automated knowledge-based logistical coordination at unprecedented levels, willingness to invest towards improving knowledge management systems is met by fierce resistance. Investing toward improving the sophistication and scope of existing corporate knowledge management systems is expensive and at times the enhanced productivity a company wishes to gain by such an investment will not cover the associated costs. It is not easy for a company to ensure that knowledge management investment plans are properly aligned with the long-term operational strategy of the company in order to avoid the latter scenario. Furthermore, the ability of a company to leverage a return on investment from its knowledge management systems is further eroded by the questionable ability of its work force to quickly master new systems before they are rendered obsolete by new technologies

“In practice, knowledge management often encompasses identifying and mapping intellectual assets within the organization, generating new knowledge for competitive advantage within the organization, making vast amounts of corporate information accessible, sharing of best practices, and technology that enables all of the above — including groupware and intranets.” (Barclay)



The effective use of knowledge management systems to automate interactive business processes while providing operational and strategic information to interested users has made companies more productive and ultimately more competitive. Investing in information technology, business intelligence, customer relationship management, or knowledge management infrastructure provides added value to a company through a ubiquitous networked medium that can access key corporate operational and strategic information. Through the development of computer applications managers can automate a variety of knowledge based business processes within a company that years prior may have been performed by humans at a higher cost. There is an endless array of automation in today's companies ranging from order processing, customer service, account management, customized product deliveries, supply chain management, etc. Furthermore, CEOs and other high level managers through knowledge management systems have access to instant real-time information regarding operations at all levels in their organization whereas years prior the same information may have not been available let alone accessible forcing them to rely on lengthy audits sometimes spanning several weeks or months.

“In the final analysis, managers need to develop a greater appreciation for their intangible human assets captive in the minds and experiences of their knowledge workers, because without these assets, the companies are simply not equipped with a vision to foresee or to imagine the future while being faced with a fog of unknowingness .” (Malhotra)

The organizational drive to invest in the implementation of technology driven solutions has always been and will always be constrained by the high production costs, maintenance costs, and training costs, and the difficulty of adding new capabilities to systems as technology progress. In today's ever quickening global competitive business cycles companies run the risk of having little to show for their knowledge management investments given it is not uncommon for large systems to take years and millions of dollars to implement and be scrapped as they quickly become obsolete as technology changes.

Ideally, similarly to city planners, business and information technology managers should use the same degree of long-term thinking, attention to detail, and consideration for architectures that allow the maximum amount of flexibility for future upgrades. Throughout the life-cycle process business and information technology managers should be evaluating the operational value of all their information technology assets as they build and upgrade their existing infrastructure through an open-ended framework aligned with the best possible short and long-term operational and strategic needs estimates.

Regardless of how skilled an organization is at creating a cost and operationally effective knowledge management infrastructure, it is always better for a company to prioritize creating a series of products and services to fulfill market demand over building the right type of knowledge management infrastructure. If a company achieves the first objective and fails in the latter they can always quickly remedy the situation by reinvesting its profits towards the latter. However, if the reverse is true the company will have lost money and done a disservice to its owners, employees, and stockholders.

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“Applying technology blindly to knowledge-related business problems is a mistake, too, but the computerized business environment provides opportunities and new methods for representing “knowledge” and leveraging its value. It’s not an issue of finding the right computer interface — although that would help, too. We simply have not defined in a rigorous, clear, widely accepted way the fundamental characteristics of “knowledge” in the computing environment.” (Barclay)

Between 1994 and 2001 during the booming dotcom years the world financial community ascribed much importance to a company’s ability to leverage knowledge management to the point that many people believed that the traditional revenue and operationally profitability goals did not matter as much as technological innovation which in their eyes had become the new standard of success within the global capitalistic system. In hindsight these notions seem ridiculous but were true to an extent then when many investors chose to invest in companies with poor operational track records but strong technological expertise over traditional companies. This raised the stock prices of technology companies above those of established blue chips firms. These investors believed, similarly to the 1970s where small technologically innovative companies like Apple Computer, Oracle, and Microsoft bested the corporate behemoths of their day such as Xerox and IBM to gain prominence in the computing industry, that the race towards technological innovation would have created similar industry-wide inflection points in the 1990s and 2000s.

Although the feverish speculative excitement that accompanied the dotcom years has subsided there are still many business leaders who fail to recognize that knowledge management infrastructure development spending is a means to an end towards supporting the profitable marketing of a product or service and not vice-versa.

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