The Business Case for KM
As Simple as ABC?

Dr David J. Skyrme

Topics

Knowledge Management

Assets
Benefits
Cost-Effectiveness

Why no Benefits?

That Simple?

The Business Case for KM

Asset Focus

- Customer Capital
- Intellectual Property
- Human Capital
- Structural Capital

IC

- Market value
- Cost
- Replacement Cost
- Liability Cost
- Relative Index
- Indicators


Benefits Focus

- Access to best / latest thinking
- Faster access to knowledge
- Better sharing

Knowing who’s doing what

Knowledge Benefits

Benefits Focus

Access to best / latest thinking -> New approaches
Innovation

Faster access to knowledge -> Coherent
Responses

Better sharing -> New Hires
Effective Quicker

Knowing who’s doing what -> Minimizes
Duplication/Re-invention

Knowledge Benefits

Organizational Benefits

INTELLIGENCE ▪ INSIGHT ▪ INNOVATION
Cost Effectiveness

- Better use of resources, especially people
- Knowledge worker productivity e.g. 1% = £50m
- Sharing Best Practice e.g. Chevron $100m energy
- E-opportunities e.g. Sun $100m customer self-help
- Better focus on key customers e.g. Chase $25m
- Minimise rework, duplication, lost knowledge
  
  ..... Leverage on bottom line

Is It This Simple?

- Costs focussed & visible - benefits diffuse
- Baseline often not known e.g. staff time recording
- Multiple pulls and perspectives - no shared vision
- Finance dominance vs. service, outcomes
- Complex cause / effect dependencies
- Unanticipated benefits e.g. reduced staff turnover
  
  ..... Invoke the ‘turn it off’ tactic
Making the Case (1)

Business Drivers

- Cost Savings
- Delivery
- Customer Focus
- Restructuring (again!)
- Handling PQs
- ‘Joined -up’ Government
- Evidence-based Policy
- Records Management (PRO)
  + What keeps the boss(es) awake at night!!

Making the Case (2)

Choose Levers

- Customer Knowledge
- Knowledge-enhanced services
- Knowledge in People
- Knowledge in Processes
- Organizational Memory
- Knowledge in Relationship
- Knowledge Assets
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Making the Case (3)

Business Drivers

Choose Levers

Assess Knowledge/KM
- The Knowledge Audit
- KM Assessment

Knowledge ‘Factory’

Customer Knowledge
- general, trends
- specific by customer

External knowledge
- world best practice
- profiles, capabilities

Functional Knowledge
- communities

Internal Knowledge
- project histories
- process knowledge

Org Value-Added
- systematic gathering
- coherent k-bases
- better sharing
- collaborative communities
- distillation and refining
- sharing and learning
- applying

Successful Customers
- closer relationships
- shared knowledge

Quality Delivery
- knowledge-based service
- skills base, k-bases

Effective Policy
- fewer U-turns
- value for money

Internal Skills & Capabilities
- skills base, k-bases
- deployment, availability
The Business Case for KM

KM Assessment

Key Dimensions

1. Leadership
2. Measures
3. Processes
4. Explicit
5. Tacit
6. Culture/structure
7. Role/skills
8. Technology
9. Services
10. Image

Making the Case (4)

Business Drivers
Choose Levers
Assess Knowledge/KM
Select Pilot

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Making the Case (5)

Business Drivers

Choose Levers

Assess Knowledge/KM

Select Pilot

Evaluate and Learn

Why Benefits are not Realised

Technical problems
Unsupportive senior mgmt
Users not see personal benefit
Lack of training
Lack of time / too complex
Not part of everyday practice
Poor communications

Source: KPMG KM Survey (2000)
Measurement Myopia?

Remember?
“What you can measure you can manage”

“There are those that measure ..... and those that act”

At this stage of our understanding, knowledge leadership seems more important than detailed measurement or prior justification........

Knowledge Leadership

- Articulated value proposition e.g.
  - share best practice - faster innovation
  - reusable knowledge - developing competency
  - intellectual assets - know-how businesses

- Find champions in the business
- Facilitate networking - tap into expertise
- Excellent communicators - internal/external
- Frameworks for action - simple models
- Clear vision and strategy
**Point to Ponder**

“If your CEO does not recognise the value and role of information, it’s time to move on.”

*(Dick Harrington, CEO, Thomson Corporation)*

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