



Knowledge assets are the knowledge regarding markets, products, technologies and organizations, that a business owns or needs to own and which enable its business processes to generate profits, add value, etc. Knowledge Management is not only about managing these knowledge assets but also managing the processes that act upon the assets. These processes include: developing knowledge, preserving knowledge, using knowledge and sharing knowledge. Therefore, Knowledge Management involves the identification and analysis of available and required knowledge assets and knowledge asset related processes, and the subsequent planning and control of actions to develop both the assets and the processes so as to fulfill organizational objectives.

In order to capture the full flavour of the important distinctions in the approaches to Knowledge Management, it is commonly categorized into the mechanistic, cultural and systematic approaches. The mechanistic approach is characterized by the application of technology and resources to perform even better while the cultural approach focuses more on management issues such as innovation and creativity than on leveraging existing explicit resources or making working knowledge explicit. The systematic approach encourages double loop learning in that it requires constant evaluation and rational thinking.

Knowledge Management embodies organizational processes that seek synergistic combination of data processing capacity of information technologies, and the creative and innovative capacity of human beings. Our group strongly feels that the need for knowledge management stems from a radical shift in paradigm sparked by breakthroughs



in the external environment of the organization, including technological innovation like information technologies and rapid changes in demands for products and services in a customer-focused business strategy.

The old paradigm is characterized as a predictable environment and the main focus of business is continuous optimization of existing technologies and products. Information was the strategic asset used to define ‘best practices’ or ‘standard procedures’ that were assumed to retain their effectiveness over time. Employees were regarded as passive processors of these ‘best practices’ and the emphasis of the management was on controlling the behaviour of its employees to align with specific rules and organizational goals.

However, in face of an increasingly dynamic environment where changes are discontinuous and unpredictable, ‘best practices’ are quickly becoming obsolete, and the race in creating new knowledge, ahead of the competitors, has become the core competency of companies striving for their sustenance and continual excellence. Past data is insufficient for unpredictable changes and the strategic assets are the employees, who are capable of sensing immediate changes in the environment and continuously assess information in a diverse manner, not achievable by any technological systems.

Moreover, researchers in leading institutes like MIT Sloan School, has concluded that there is no direct correlation between IT investments and business performance. Therefore, the effective utilization of information and technology can only be achieved



through proactive involvement of human imagination and creativity which provides diverse meaning to information outputs generated by the technological systems. The tacit knowledge residing in individuals are valuable resources that contribute to the competitive advantage of an organization. Appreciating the uniqueness of individuals and acknowledging their cognitive emotions, a new flexible system that supports communication and social processes should be implemented to enable double-loop learning cycles in which new knowledge is continuously created.

The new economy has transformed from an era whereby the competitive advantage is based on information to one that is based on knowledge creation. Intellectual capital, which constitutes creativity, intelligence and ideas, is the core factor for an organization's sustainability and success in business. Therefore, organizations cannot just merely focus on data and information-processing capacity of information-technology. They also need to concentrate on the creative and innovative capacity of their human resources, the knowledge workers.

In the new knowledge society, the knowledge workers will have to engage in continuous learning, which has become a new form of labour, so as to gain new knowledge. The new knowledge will open up more opportunities in developing new ideas, thus enhancing decisions, products and services of the company. The knowledge workers will need to indulge heavily in double-loop learning so as to determine that the company's 'best practices', such as product and service quality, is aligned with that of the business



environment. They will thus have a higher degree of responsibility and authority as the level of autonomy in learning and decision-making increased.

Usually, vital knowledge is embedded within a member of the organization. This resource must be protected, cultivated and shared with others in the organization. However, it is not always achieved. Sometimes, the knowledge is lost when the person with the knowledge leaves the company and leaves behind no retrievable record. In another situation, there might be unwillingness on the experienced worker's part to impart his knowledge to others. This might be due to fear of being outshines by them thus endangering his own position in the company. In this case, intellectual asset is not conserved.

In order to illustrate the Knowledge Management in a company, a case study on an IT solutions company, named IT Factory, has been done. IT Factory is a solution provider to KM in many organizations and some of the applications that it has provided are document management and distance learning. Some people may view such a solution provider as unnecessary since KM is similar to Human Resource Management, which is being practiced ever since organization has started. But it must be noted that IT Factory can speed up the process of KM and there should not be total reliance on the IT applications as this may deteriorate the face-to-face interactions between employees.

There are three aspects that IT Factory has considered in the implementation of an application in an organization: the infusion of knowledge on a widespread basis in the



organization, the learning loop and the integrated information access. Firstly, due to the focus of people, information and process integration, there is a shift from transaction to interaction. IT FACTORY solution brings together of the diverse viewpoints that employees, partners and suppliers. This allows companies to use cross-correlated data to answer complex queries related to tactical business decisions sales strategy. Secondly, the learning loop is in close relation to the Chris Argyis double-loop learning and this is important to cultivating the learning culture of the organization. Lastly, the tools and process is very important to foster a culture that builds upon the intellectual capital within a company, thus a system for categorization of the knowledge is implemented in the company and this assures the quality of information.

One of the Knowledge Management solutions IT Factory provides is the ITF Authoriti. It is an open-platform, web-enabled knowledge management system that enables organizations to put internal and external contents into proper context, enabling users to quickly and easily find the single best answer to their pressing business questions. Through the ITF Authoriti interface, the best data, information, knowledge, processes, training and experts are delivered directly to the end user's desktop. User can customize homepages to show the kinds of information he wish to see and base on the individual's nature and the working needs of his job, the search will only display the relevant information, without the user going through hundreds of inaccurate, out-of-date or irrelevant documents. The ITF Authoriti organized and contextualized information using the common language which the organization uses to communicate and work together. User from there will be able to have a deeper understanding on issues of other



departments that they will be working with, as little known jargons will be explained clearly. With the ease of information transfer and the huge capacity of the system, an environment of interaction, collaboration and learning will be created and reinforced.

No doubt Knowledge Management solutions will promote a learning organization culture but it does not mean that people are definitely willing to share their knowledge. Some employees worry that knowledge sharing reduces their value and threatens job security, while other training and development professionals worry about how KM might change their roles. The organization has to make the employees realized that sharing and creating knowledge yields tangible rewards and job security will only be an issue for employees who are not contributing to the system. Workers also need to recognize that in using the system, time is saved having essential resources that address their concerns and priorities are at their fingertips. They now have the ability to instantly collaborate with colleagues, regardless of location and access to expert advice. It also provides an opportunity to learn from others' mistakes by studying past records of similar situations. Another challenge is to filter out what is useful and to organize information so that it can be easily retrieved. With the ability of accessing vast amount of information and having high-speed communication tools such as emails and online forums, employees will tend to be overwhelmed by the information thrown to them. We often have to spend a lot of time reading through them and deciding whether they are relevant, valuable or worthwhile. Although the ITF Authoriti promises to deliver only the relevant information to the end user, they have to be well trained in customizing the system to serve them best; even with that, how can the system so accurately know what is really relevant to you. A successful



Knowledge Management system firstly needs to be efficient in collecting and dissemination knowledge, which involves getting the right knowledge to the right person at the right time. But often we are too focused on the detailed process of managing information and have overlooked the whole picture of knowledge management, which also involves the more chaotic process of knowledge creation. Therefore, the system must also lead to the creation of groups of individuals who communicate because they shared work practices, profession or other interests. This will enable the organization to learn, as knowledge is being created by these interactions. Nevertheless, due to the dynamic and continuously evolving nature of knowledge, it will always be an up-hill battle for the organization to capture and retain as much intellectual capital as possible.

Knowledge Management encompasses a wider scope than just managing information or knowledge assets. It also involves the processes that act on those assets to develop them. Processes include creating an environment that promotes employee interaction and exchange of ideas, knowledge creation and recognising the value of employee insights and tacit knowledge they possess. By doing this, the company gains a competitive advantage over others in this knowledge base economy. The company will also be able to adapt to changes in the environment more easily by allowing employees to constantly review, exchange views and update the current “best” practices of the company.

In the case study, we looked at the Knowledge Management solutions the company IT Factory provides. In general, the solutions provided kept employees in contact with each other. This facilitates interaction between employees and thus aids in knowledge sharing



and knowledge creation. The solutions provided also help companies categorize their current database as well as bringing together cross-correlated data for easy access by employees. This makes the employees search for answers much easier and allows employees to come up with more complete solutions or answers. It will also be easier for employees to assess current “best” practices and make adjustments when necessary. The case study gives us instances of knowledge management applications that are already available in the industry and how they can help companies gain that extra edge.



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