Chapter XVIII

Leveraging Knowledge Assets in Firms of the Digital Era

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ABSTRACT

The management of organisational knowledge can be a key lever for improving performance, boosting productivity and creativity, and facilitating innovation in corporate settings. The commonly used approaches for managing knowledge followed one of two perspectives: the process-centric (a primarily people-based approach that treats knowledge management as a social communication process) and a product-centric approach (that is mostly content-based and focuses on knowledge-related artifacts). This chapter presents a strategic management approach and an integrated solution that are knowledge asset-based and attempt to fuse the aforementioned two approaches in a balanced manner. The overall approach builds upon and extends the resource-based view of the firm by explicitly treating knowledge assets as the main driver for innovation and learning. The approach is demonstrated with a case study that focuses on the knowledge networks of a software firm.

INTRODUCTION

Organizations of all kinds are coming to the realization that knowledge is their greatest competitive asset. And as knowledge becomes the key strategic resource of the future, the need for organizations to develop a comprehensive understanding of

knowledge strategies, processes, and tools for the creation, transfer, and deployment of this unique asset is becoming critical.

The task of developing and applying "knowledge management" (KM) as a new discipline is a challenging endeavor. This new discipline must successfully respond to the diverse needs of companies in a timely fashion. For businesses that must compete in a daily changing world, superior management of knowledge is the key to innovation, productivity, and growth.

This chapter presents a strategic management framework to knowledge management that is based on managing an organization's knowledge assets in order to create value. Moreover, it presents a holistic knowledge management solution that was developed within two applied research and technology development projects, and was validated in eight companies that are considered typical examples of firms of the digital era; the eight firms belong to the financial services sector, the IT sector, and the professional services sector (see also Mentzas, Apostolou, Abecker, & Young, 2002; Apostolou & Mentzas, 2002).

The motivation to develop the solution presented herein was the realization that practical KM efforts in organizations adopt one of two approaches: the *process-centric* approach, that mainly treats KM as a social communication process; and the *product-centric* approach, that focuses on knowledge artifacts, their creation, storage and reuse in computer-based corporate memories. We found evidence of this distinction not only in KM implementations in companies, but also in supporting methodologies and tools (see, e.g., Mentzas, Apostolou, Young, & Abecker, 2000; Mentzas et al., 2002).

However it is our belief that in order for organizations of the 21st century to add value to their product and service offerings, a perspective is required that would fuse these two approaches. The aim of this chapter is to present a solution that provides a balanced fusion of these two KM views.

The chapter is structured in the following way. The next section gives a brief overview of the process and product approaches in knowledge management, and the implications of adopting them within organizational settings; it also outlines the need for their balanced fusion in practical KM applications. The third section discusses two of the main current approaches to strategic management, i.e., the competitive approach to strategy, and the resource-based perspective of the firm and proceeds with their shortcomings in the knowledge economy. An outline of the conceptual foundation of our framework—i.e., its focus on knowledge assets and knowledge objects—follows, along with a brief description of the overall solution proposed. Then we examine knowledge networking and present a case study of our solution in a software firm. Finally, the last section discusses some concluding remarks and the implications of knowledge asset management.

PROCESS AND PRODUCT APPROACHES IN KNOWLEDGE MANAGEMENT

Knowledge and Knowledge Management

The task of developing and applying knowledge management as a new discipline is a challenging endeavor. This new discipline must successfully respond to the diverse needs of companies in a timely fashion. However, despite a wealth of books, reports, and

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