

THE KNOWLEDGE DIVIDEND

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creating high-
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through
value-based
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creating high-performance companies through value-based knowledge management

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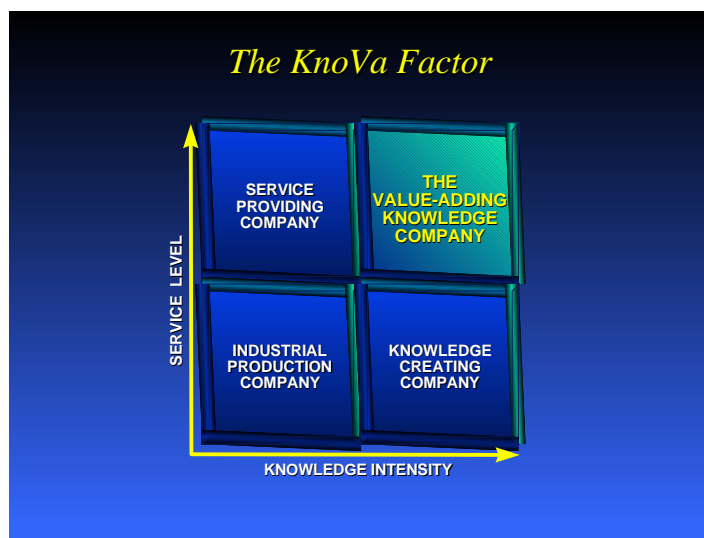
“Everyone throughout the organization must be concerned with adding value.”

Prof. Dr. René Tissen

The Need for Knowledge is a Well-Known Fact

As the world evolves into a virtual market space, new rules for business success are imminent. The early victors have one notable characteristic, they will use their knowledge to add value for their company, their customers, and society as a whole. Granted, most companies enjoy having infinite knowledge at their fingertips, nevertheless, they struggle with how to turn this deluge of information into value. Typically, they end up in the business of building knowledge, which they store in expensive Information & Communication Technology (ICT) systems. Meanwhile, the company overlooks the hidden value that adds extraordinary worth to its bottom line.

In our intangible world economy, a company’s knowledge value-adding potential, or its KnoVa Factor, depends on the level of service it provides and the intensity of knowledge it employs. In the 21st century, the value-adding knowledge company will command the strength of superior service levels back by meaningful knowledge.



The Knowledge Dividend shows companies how to initiate and leverage knowledge in accordance with their strategy. It then illustrates how to create organizations that are entirely process, team and community based. And, it explains by example how to shape the attitude and key competencies of knowledge professionals so that they are committed to the future - the company’s and their own.

This practical guide offers the thought leadership missing in knowledge management literature today. It saves you time by using “key-message learning” to accelerate your grasp of more than 80 fundamental business ideas and models. Each of which is explained through a revealing conversation between the authors that reveals their underlying vision. *The Knowledge Dividend* also contains over 200 best practices and case studies of renowned international companies - Sony, Amazon.com and British Petroleum - that are meeting the challenges of the Knowledge Economy.

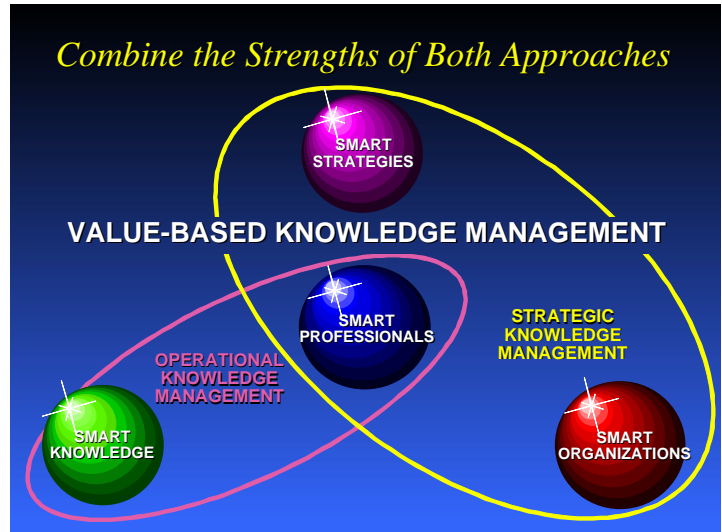
Adding Value Requires More Than an Operational Approach

Knowledge is typically seen as something that can be managed or controlled like any other tangible asset. Most current literature advises companies to practise **operational knowledge management** using the latest Information and Communication Technology (ICT) initiatives to organize and distribute information from and to employees.

While this may be a good first step, companies are discovering that this stand-alone approach easily becomes costly, ineffective and non-productive. Managers all over the world are struggling with four key knowledge concerns.

How do we...

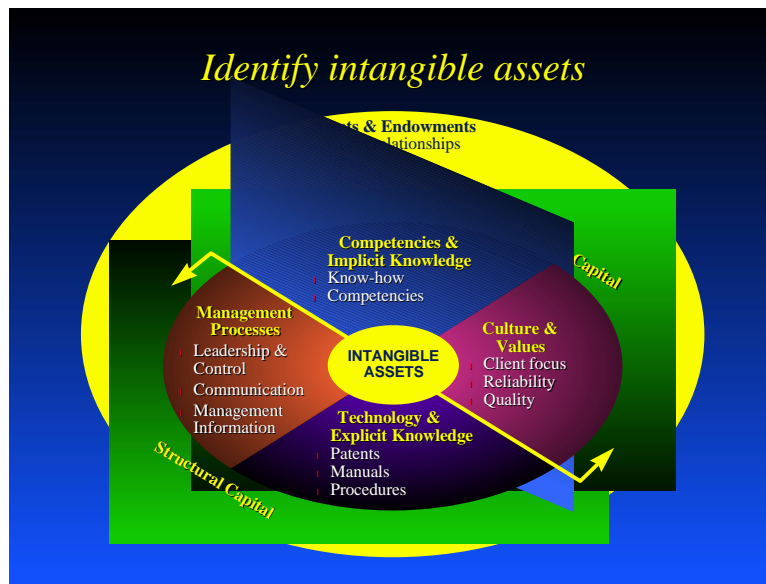
1. Turn company knowledge into market value?
2. Create a knowledge-supportive organization?
3. Manage knowledge professionals?
4. Generate meaningful knowledge on a continuous basis?



Strategic knowledge management offers the necessary balance. It links the building of meaningful knowledge with sound business strategies to form an entirely process-based organizational architecture. Furthermore, it recognizes that knowledge professionals are different and must be attracted, developed and inspired to continuously add value to our company.

The integrated approach of **value-based knowledge management** builds stable companies that are skilful in taking advantage of our rapidly changing environment. Combining the strengths of both perspectives results in the continuous creation of meaningful knowledge that positions our company to take advantage of the opportunities offered by the new millennium.

The new Value Explorer® focuses on a companies economic potential

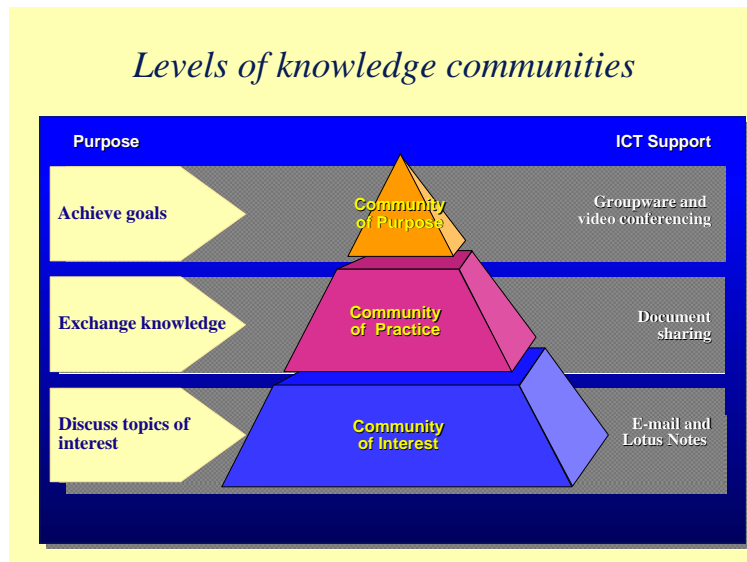


One of the many exciting new concepts featured in *The Knowledge Dividend* was developed by KPMG Knowledge Management The Netherlands. It is called The Value Explorer® and is a method of assessing a company's value based on its intangible assets. To do this, it assigns a company's Intellectual Capital a monetary value based on its economic potential. The Value Explorer® also provides the information needed to manage it as an asset. In this age, making the "right" decisions can be the kiss of death, if they are made too late. Knowledge to

guide timely strategic decisions comes from a deep understanding of the market, not of finance. The Value Explorer® focuses on a company's intrinsic strengths by analyzing the intangible assets hidden in its core competencies. By measuring these strengths, a company can rate the intangible assets that make up its Intellectual Capital.

Knowledge Communities provide the glue

Another current knowledge management solution found in *The Knowledge Dividend* is the inspiration of business communities - not a concept that executives can no longer choose to ignore. Their addition to our economic landscape has permanently transformed the way companies do business. A community is a ICT-enabled network of people with a common (professional) discipline or interest. It enables its members to share information and new ideas. An innovative approach to tomorrow's digital economy will be communities that allow us to work easily, universally, inexpensively and - most importantly - on our own terms.



We all know the informal networks that exist within organizations, they are in fact a rudimentary form of communities. Members of a network often use e-mail with the purpose of keeping each other informed. A **Community of Interest** are built around a common interest like tasting fine wines or listening to Motown oldie but goodies. These “chat” communities are extremely popular on the Internet where the number of discussion groups and other chat-boxes is enormous.

Even more sophisticated is a **Community of Practice**. The purpose of this type of community is to exchange practice knowledge around, e.g., how to operate specific software, or how to sell products to specific clients. Here knowledge sharing often takes place through document sharing. To prevent it from becoming a time-consuming chat-group, companies can turn this type of community into a **Community of Purpose**. By setting specific targets, such as, cutting delivery times to customers by 20 percent, this type of community can easily outperform the rest.

Communities become very powerful tools when used to bind customers to the organization. Employees and customers can directly discuss client problems and company solutions. Clients often share their personal experiences with the company's products and services. This type of information is invaluable - it is expensive and it is hard to get. It is the feedback that leads to client-focused improvements in products and services - only accentuating the importance of connecting people.

Let The Knowledge Dividend be your guide

All in all, you'll find *The Knowledge Dividend to be a* visual book that navigates you through the process of creating a 21st century company. It fully explains how to implement value-based knowledge management. And better yet, it is a *quick read* that satisfies your need for speed. This comprehensive book is filled with over 80 business models covering all aspects of value-based knowledge management from: how to develop *Smart Knowledge* that competent, motivated *Smart Professionals* can learn from, to designing and leveraging *Smart Strategies* in entirely process-based *Smart Organizations* that are geared for success in our global world.