Abstract. Successful organizations are often described as “learning organizations” composed of “knowledge workers” who continually learn and apply learning to changing situations as standard operating procedure. Knowledge management is a systematic and organized approach to making relevant knowledge visible and widely accessible so that learning can occur. Knowledge management includes identifying and mapping existing intellectual assets as well as creating new knowledge within the organization. To be successful, an organization’s knowledge management process must be reflected in its culture, strategy, policy, and practice. A key challenge for purchasing and supply professionals is to develop common processes, procedures, and practices across individual entities such as business units, divisions, plants, mills, etc. One aspect of this challenge is capturing and transferring knowledge between and among these individual entities. For example, a team in one division develops an effective tool that never gets shared or used by other teams. Or, people in one location have no idea how individuals in another geographical location do things. Or, the company invests in knowledge management software, and few people use it. The development of a knowledge management strategy, process, and system helps to ensure that the knowledge that exists in one area of the company is captured, shared, and used by others. This paper addresses the challenges and opportunities of creating a knowledge management process.

Characteristics of Successful Knowledge Management Initiatives. Successful knowledge management initiatives typically include:
- A documented organizational knowledge management strategy that:
  - Is aligned with organizational strategy and vision.
  - Has the commitment of senior management
  - Is pervasive throughout the organization
  - Is integrated in business processes and structure
- Adequate resources allocated on an ongoing basis.
- Organization culture that supports knowledge-sharing
- The continual identification of relevant explicit and tacit knowledge
- Communities of practice with organizational support
- Appropriate technology to support the knowledge management process
- Measurement and reward systems that incorporate knowledge-sharing
- Regular and ongoing reassessment for continuous improvement.

Figure 1 depicts a model for developing a knowledge management process in an organization.
Documented Organizational **Knowledge Management Strategy**. The knowledge management process/system must be based on a solid business case that demonstrates how to use knowledge to benefit stakeholders/constituencies. This requires those driving the initiative to link knowledge management to organizational strategy, goals and objectives. Opportunities to improve the organization’s competitive position must be assessed on an ongoing basis.

The strategy development steps include addressing three critical components. These are:

- **WHO (people)**
Driven by Senior Management and Pervasive Throughout the Organization. The initiative must be driven by corporate executive officers. There is a need for knowledge management leadership at the sr. executive level to drive integration into all business processes. There is also a need for widespread (deep and broad) individual responsibility for sharing and using knowledge. The core values of the organization must propel the program to get buy-in from users/recipient. The leader or sponsor must show commonalities across dissimilar business units to motivate consistent use of knowledge management processes/systems.

Knowledge Management is Integrated into Business Processes. The knowledge management framework integrates human, organization, and information management resources. The knowledge management process, in turn, must be part of the standard operating procedures and built into other business processes to facilitate both the use of existing knowledge and the creation and capture of new knowledge.

Key questions include:
- What knowledge needs to be harnessed?
- Who should codify/How should it be cataloged?
- How will it be maintained and disseminated?
- Who should receive it?
- How can the process constantly evolve?

Adequate Resources Allocated on an Ongoing Basis. Adequate human, financial and technological resources must be made available long-term to support the knowledge management process. On the human resources side, employees must be encouraged and rewarded for sharing knowledge and making use of the knowledge management system a daily priority. Time must be allocated for knowledge sharing by experts and novices. Adequate funding must be provided via the budgetary process on an ongoing basis. Appropriate technology must be employed; employees must be trained to use it; and regular, widespread use must be encouraged.

Organizational Culture Supports Knowledge Management Process/System. An organization culture audit may reveal significant barriers to implementing a knowledge management process and system. The first step for many organizations is to create a knowledge-sharing culture in which employees believe that knowledge sharing is a critical success factor at the individual and group levels. There are a number of organizational culture barriers that, if present, must be addressed. These include:
- Unwillingness to share knowledge
- Fear of knowledge sharing (job security)
- Mistakes are not tolerated
- Too little time to share knowledge
- Don’t have or don’t use appropriate technology
- Information overload
- Equate information or data with knowledge
- Tayloristic and bureaucratic
- Command and control culture
- Commonalities not recognized across dissimilar business units
Business pressures reduce time available • Organizational rigidity restricts flow of knowledge

Identify Knowledge. Knowledge management is a business process that enhances individual and organizational performance by mobilizing knowledge-based assets. Knowledge-based assets may be (1) explicit (e.g., patents, trademarks, business plans, marketing research, supply strategy) or (2) tacit (e.g., know-how in people's heads). Both tacit knowledge and explicit knowledge must be captured and made accessible and useable. This is especially difficult with tacit knowledge. It is important to establish a way to create a culture of knowledge-sharing; to identify tacit knowledge-holders; and to build institutional memory to support future work; to identify, recognize, generate, share, and manage tacit knowledge. Identifying internal experts (those with tacit knowledge) and devising a means of capturing and transferring their knowledge to people, processes, products/services is one of the most challenging aspects of developing a knowledge management process.

Develop Communities of Practice. A community of practice is a group of like-minded people who create, refine, communicate, and use shared knowledge about a shared practice. They engage in ongoing, collaborative learning about this shared practice. For example, communities of practice might develop along disciplinary lines, e.g., supply management, design engineering, marketing. Communities of practice may also cross boundaries and touch on other communities. Cross-fertilization of ideas may lead to better integration among stakeholders and the application of knowledge to a completely different area. In many organizations, communities of practice develop informally and are loosely structured. Attempts to "manage" the community or impose technology solutions may actually destroy the community. A challenge for managers is to provide support (financial, technical, and so on) without interfering with the workings of the group.

Use Technology Appropriately. Technology flows from the knowledge management strategy and is dictated by organizational culture and behaviors. Many organizations invest in knowledge management software and devote time and resources to building a common database only to find that it is grossly underutilized. While technology enables knowledge management; it is not knowledge management. The technology must fit the strategy and culture of the organization, and be widely used by members of communities of practice.

Measure Results and Allocate Rewards. Measurement and reward systems must incorporate the organizational commitment to knowledge management. There needs to be a means of measuring and validating knowledge and its quality, and of linking the activities of communities of practice to organizational goals and objectives. There must also be motivation for people to share knowledge and use the knowledge management system. For example, it is important to develop metrics that capture the return on investment of a knowledge management system. In the supply field metrics typically relate to either the efficiency or effectiveness of the process. Part of making the use of the knowledge management system standard operating procedure is to build it in to these metrics.

Reassess. Like all business processes, the knowledge management process should be the focus of continuous improvement efforts.
Bibliography