The knowledge management strategies used as a tool within and through strategic consulting firms to increase the organisational performance

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Abstract- As a matter of fact, the rising awareness in organisations to not focus only in the physical assets in the organisation but also in other paramount assets such as knowledge was the launching point for organisations to go to the implementation of knowledge management and creating knowledge management strategies codified or personalized in order to overcome issues and plan for its future sustainability and development. Actually, the implementation of knowledge management strategy is the strategic consulting company internal asset and external mean to get value. Although, after the implementation of knowledge management strategy in some companies they face the problem of the low revenue and efficiency of the strategy implemented. That's why the combination of the codification and personalization make the organisation able to create, share, save and re-use knowledge and exchange it in the organisation using technology or informal communication networks in order to raise the innovation in the work environment and the creation of new ideas and services. Also, this knowledge stored and codified especially about the organization customers can be considered as the basic knowledge to take the strategic decisions and by KM the organisation will be able to extract, understand and well use this knowledge in order to strengthen the relation with its customers and allow them to become the organisation's partners and advisors. Indeed, that's mean that the organisation strategy must be renewable and in corporation with the overall business model and focus on the core competence in the organisation and the management of the customer knowledge and interactions, this will influence positively and upgrade the organisational performance in any organisation.

Index Terms- Knowledge management, Strategy, Consulting firms, organisational performance

I. INTRODUCTION

Nowadays, there is a significant awareness in all the modern organisations and it start to recognise and know the importance of considering the knowledge as a valuable asset in the organisation that can be managed. [1][2] Actually, knowledge can be divided into two types the explicit knowledge which is the documented and codified knowledge and in this kind of knowledge information technology play an important role to share and save this knowledge by the use of systems and the latest technology in the organisation. Furthermore, the second type is the tacit knowledge which is the knowledge that comes by experience in work, intuition and maybe we do not know that we have it or how to explain it, this kind of knowledge can be shared by the interaction and the well communication environment between workers in the organisation. [3][4] From this understanding of knowledge we can say that in a learner and smart organisation, knowledge management is considered as the combination of people, processes, tools and technology to acquire, learn, create, renovate and share knowledge in order to optimise the employment and the well use of this knowledge in the organisation in order to increase the organisational performance and ensuring it's sustainability. [1][5][6][7][8]

In fact, the consulting firms had the precedence to invest in knowledge management. Furthermore, there are different strategies to involve the knowledge management within the consulting companies or any other organisation. The strategies are the codification strategy based on computers and databases to save the knowledge and second strategy is the personalization strategy based on communication among people in work. [9][10] Indeed, any organisation must know and have a clear vision why it need to develop a knowledge management strategy what is the goal of this implementation, in what it can help the organisation to be developed and it should be aligned with the organisation overall strategy. In this situation the consulting firms play an important role to help the organisation to identify clearly what are the weaknesses, the issues in the organisation that need to be resolved and to focus on helping the organisation to keep and attract customers by implementing a knowledge management strategy which will be related to the global long-term vision of the organisation and supply a framework that will help the organisation to resolve and overcome those issues and increasing the business and organisational performance. [2][9][11]

II. LITERATURE REVIEW

In fact, consulting firms are the more concerned by knowledge because it represent an asset, resource, product or even a service which help the consulting firm to create value and benefit, that's why they need a strategy to manage this knowledge and be able to sale it as their business. The authors Sven, Dirk, Dietrich and Chiara did an analysis on the correlation between the knowledge management strategy and the business model of the organisation. Actually, the management consulting firms provide advice to the organisations relating to the strategy, operations or information technology based on knowledge to add value to the organisation and to improve their performance. Commonly the consulting firms forward one of two business

models, the first one is the creation of high customised solutions by the firm for a significant and unique issues by providing original and analytical advices based on experience and tacit knowledge ,this kind of strategic consulting firms business model focus will be to preserve a high profit for the organisation, whilst the second business model followed by the consulting firms is the providing of a high standardised products and services due to their dealing with the same issues thus they reuse their existing modules and they continue to create new modules and pieces in order to generate great revenues.[12]

In the other hand in consulting firms the knowledge management strategy follow specific goals, techniques and technology and the generation, distribution, maintenance of knowledge in each process is controlled centrally which mean the knowledge will be codified, stored in data bases and documented or de- centrally which mean a personalized knowledge attached to the person who acquire it. Then the authors consider that the firms which has a standardized business model should focus on the central knowledge management strategy, whereas the consulting firms that provide the customised solutions should focus on the de-central knowledge management strategy because in this case the codified knowledge will have a limited value for the organisation and they need to utilize the tacit knowledge and experience to innovate solutions. Furthermore, this analysis was proved after studying the business model and knowledge management strategy in the case of leading companies each one in a specific sector such as Mckinsey, Accenture, Price water house Coopers, and prognos AG. [12]

Another study analyse the two types of strategies the codification and personalization from a marketing perspective to optimize the efficiency of knowledge reuse. Actually, one of the issues is that many organisations suffer due to the depressed returns from the investment in knowledge management. Thus, to significantly increase the efficiency of transferring knowledge among consumers and producers, we should first know that the inefficiency of knowledge transfer is due to the diverse priorities and agendas of the producers and consumers pending the knowledge exchange and share. Indeed, the authors after developing a model to help in maximizing the efficiency of knowledge reuse and transfer they found that the two strategies codification and personalization should be combined together to enhance the efficiency of knowledge reuse.[13]

From another point of view, a study and research was done by Zhu Yu, Wang Yan-fei and Lan Hai-lin with the participation of 223 enterprises in China to recognize the relation between the knowledge management strategy, the core competences and the organizational performance. [14]

Actually the study found that, firstly for an organisational future development there should be coordination between the knowledge management strategy and the core competence in the organisation. It's because the core competence represent the intermediate to create an impact and effect of the knowledge management strategy on the organizational performance and the organisation should pay more attention and focus in the developing of their core competences as well as their strategy to ensure a long- term development and sustainability. Secondly, the researches demonstrate that the greatest impact on human resource competence and efficiency is from the knowledge management strategy and the core competence in the organisation. In addition, the knowledge sharing culture has to be developed in any organisation. Actually, by the implementation of a codified knowledge management strategy the organisation will build a sharing mechanism by the capture, save and reuse of knowledge and it start by the spread, educate and aware employees to better understand what is the sharing culture and how it represent a benefit for the employees and for the organisation. [14]

To resume the study found that the two knowledge management strategies have different impact and influence in the organisation, actually the personalization strategy has a positive impact on the core competence while the codification knowledge management strategy has a positive impact in both the core competence and the organizational performance. [14]

Actually we cannot forget the significance of technology in the improvement and development of any organisation, from this standpoint Barney, Shan and Ray had did an analysis study on a successful case in Singapore to see how in specification the web technologies can improve the organisational performance in dependence with the global organisational environment. In fact, the authors found that the web technologies can play an important role to assist the organisation business strategy and optimizing its performance. Furthermore, to have an effective influence of web technologies in the organisation the organisation should not depend on the technical concession but in the complicated fit among the strategy, the technology and the external environment. Indeed, the equilibrium in the organisation environment help the web technology to improve the organizational performance by simplifying the realization of competitive features using three different mechanisms *"the logics of positioning, leverage, and opportunity"*, reciprocally in the revolution state of the organisation environment *"Web technologies can give rise to performance gains by supporting the attainment of legitimacy through two distinct mechanisms: the logics of optimality and social congruence"*.[15]

In the same context, another research has shown how the combination between the technology and the knowledge management can be a tool to increase the performance and the profit of the organisation which is the use of customer relationship management (CRM) in integration with knowledge management. Actually CRM as an approach based on strategies and technology help the organisation to ameliorate its business relationship with customers by collecting information about their customers through various points of contact among the organisation and its customers such as the social media, organisation's website, email, call centre and different marketing tools. Thus to achieve this the organisations use different software's to store all the customer information into a single database to record the customer interactions and the automation of workflow processes. But, this information stored in big database cannot be significant and play a role to maintain permanent customers and increase the production and long-term profit in the organisation if this information is not well managed, organized, connected and distributed and here the knowledge management can play a role to extract the meaningful knowledge from those information to transform it into valuable information that can be analysed to attract customer and improving the business performance in the organisation. Indeed, the

combination of KM and CRM can help to use the knowledge for, from and about customers by the experts in the organisation in order to attain the organization goals and optimizing its business and organizational performance.[16][17]

One of the successful organisations IBM traditionally was known as a company that have a profound experience in information technology and in their old business model the company was depending on the sale of hardware to get revenues. However, IBM has recognised that the organisations start to give more attention to the strategic value in information technology tools and re-engineering projects and those projects should be linked with the overall business strategy of the organisation. For this, in order to keep up and react with the business environment IBM has created the IBM global services business unit, then the largest acquisition on the IBM history was done by acquiring the Price Waterhouse Coopers (PwC) which is a consulting firm that provide information technology services and IT management consulting. Furthermore, IBM had create a new unit which is IBM business consulting services to combine the global services business unit and the PWC consulting. [18]

Actually, with a very large number of consultants in different countries IBM has become one of the largest consulting services organisations. In the other hand, IBM consulting has involve the intellectual capital management (ICM) in order to formalize the knowledge management over the IBM services and industries and give more attention to the acquire, creation, sharing, using and transferring knowledge in order to ensure the development of the organisation. [18]

In fact, the knowledge management strategy of IBM included the linking between the strategy and the intellectual capital of the company, the creation of a culture based on knowledge, creating processes and infrastructure that help to crate and share knowledge, using technology for sharing knowledge, and the measurement of the intellectual asset sharing effectiveness. Also, one of the IBM priority was to raise the capability of the consultants group to share their knowledge and be able to merge it rapidly in response to the client need by the creation of informal networks as a way to maximize the internal team work liberty to act and share knowledge. Thus, the knowledge management in IBM was based on the society network and what differentiates the process of knowledge management in IBM is the use of the SNA (social network analysis) as a tool to analyse and check the knowledge network characteristics and as a change management initiative. [18]

Furthermore, IBM had realize that the real value come from crating and sharing knowledge, and actually the valuable knowledge of the company come from the heads of the talented employees. Indeed, IBM in order to ensure its sustainability an maintain a reputable brand in consulting need to merge the two knowledge management strategies the top down centralized and the bottom-up decentralized approaches in order to build trust in the work environment, exchanging talents internally as the case of Mckinsey consulting firm where the consultants nominate themselves for a specific project and then they make the manager bid for them, actually this exchange mechanism help the best employees to distinguish their experience and knowledge. [18]
As a matter of fact, IBM is known as an ongoing strategic renewal company as mentioned by the authors Edna and Tuvya.

The success of IBM all over the years was based on a strategic conjunction of innovation in business management and technology. Actually, in the level of technological innovation IBM is known as one of the company that have the largest research and development set and the success of this set is due to the management of employees and their knowledge. Furthermore, due to the research and development set, IBM invented as a business model the employment of personal computers, then the mobile computing and the think Pad, after this IBM has made a great transformation by focusing on providing consulting to clients. Thus, IBM was a company that make many transformations according to the market changing and needs. [19]

In the level of business management innovation, IBM had a long term vision that was the cause of its success today as a company that supply services and solutions, hardware, software with a very profound knowledge in the different fields to which the company supply its services. Also, IBM initializes the internal innovation in the company by focusing and giving importance to processes such as the global brainstorming. Actually, innovation is one of the important sources which is extracted from the internal communication network in the organisation that regroup a very large number of customers , employees and business partners in order to share the new services, ides, conducting debates and much more.[19]

III. LITERATURE FINDINGS

The general awareness in organisations from different fields and sectors on the importance to consider knowledge as a valuable asset, give raise to the important role of strategic consulting firms which are themselves need the knowledge internally as an asset and resource, to create product or a service in order to get value and benefit, or externally to sale it as their business by implementing strategies to manage knowledge in other organisation from different fields.

Actually, there is two types of knowledge management strategies used within and through the consulting companies which are the codification and personalization strategies. Indeed the implementation and the success of the knowledge management is by the combination of this two strategies which mean that the knowledge should be saved and codified to simplify its reuse and in the same time it should be exchanged through the personalized strategy. In addition, this combination of two strategies should be related to other components of the organisation such as the technology role, the business model role, and the importance of core competences and the creation of a sharing culture, the importance of the intellectual capital and its assessment and the rapid adaption to the market change.

As a result, the combination and the alignment of the components mentioned before with the knowledge management strategies can play an important role to increase the organizational and business performance significantly and ensure the development and the sustainability and help it to keep a high level of their customer satisfaction of the organisation such as the successful case of IBM Company.
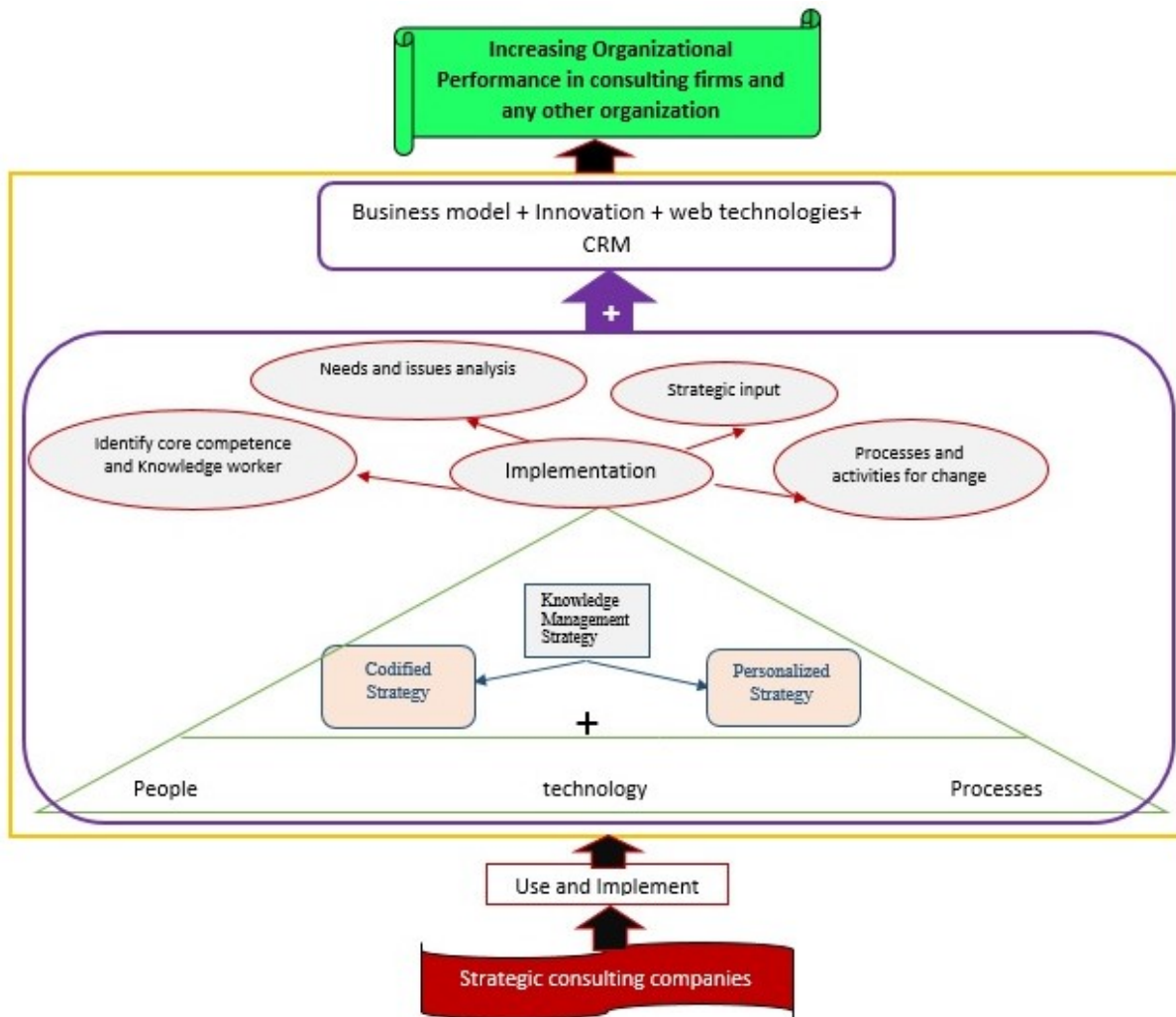
Figure 1

In the figure above we see how the strategic consulting firms use and implement the knowledge management strategies in addition and alignment with the business model, by focusing in the innovation in the organisation and the use of technologies such as the web technology and the customer relationship management systems. All of these components together lead to the increase in organisational performance in the consulting firm itself and in the other organisations that the consulting firms help to improve their situation and resolve their issues.

IV. CONCLUSION

In short,the knowledge management strategy help the organisation to analyse its need, issues, and innovate solutions and plans for the development of the company and its sustainability by reachinga high level of satisfaction from its customers and increasing the interactions with them by using technology and systems or by the direct communications and interviews which make the customers partners in defining the organisation future, and this is the goal of consulting firms in the implementation of a knowledge management strategy in an organisation. Actually, the successful implementation of knowledge management strategy in consulting firms or by consulting firm to another company play a major role in contribution with other components such as the business model to have a significant potential increase of the organisational performance in the organisation.

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