

Book review: Knowledge Management: Best Practices in Europe

Mikko Arevuo reviews *Knowledge Management: Best Practices in Europe*

TITLE: Knowledge Management: Best Practices in Europe
EDITORS: Kai Mertins, Peter Heisig & Jens Vorbeck
PUBLISHER: Springer-Verlag (2001)
ISBN: 3540674845

Outline

Knowledge Management: Best Practices in Europe is the result of a large-scale, empirical study undertaken to map the knowledge management practices of 1,000 of the largest German and 200 of the largest European companies. The study was designed and conducted by the academic staff of Competence Centre Knowledge Management, based at Fraunhofer IPK (Production Systems and Design Technology Institute). This book summarises the main findings of the study, documenting the recent knowledge management processes of the most prominent organisations across all business sectors in Europe and creating a best practice framework for large organisations in the knowledge management field.

The authors use the Fraunhofer IPK knowledge management model as the basis of corporate analysis to identify businesses' value-creating processes and to test the validity of the model in practice. In the model, the core process of knowledge management is broken down to key activities (creation of new knowledge; knowledge storage; knowledge distribution; and knowledge application), supported by the definition of knowledge goals and the identification of knowledge in all areas and levels the organisation. Knowledge-support fields (which include business processes; information systems; leadership; corporate culture; human resource management; and knowledge control/measurement activities) in turn influence the quality of the core knowledge management stages.

Analysis

To test the validity of the model, the authors conducted a knowledge management survey. The survey demonstrated that, overall, knowledge management was regarded as neither a technological term nor as an intangible asset. Among service organisations, knowledge management was understood primarily (65 per cent of respondents) as relating to corporate culture. On the other hand, the majority of industrial firms interviewed (50 per cent) considered knowledge management to be a corporate approach, in turn representing the sum of procedures that served to create, evaluate, distribute and apply knowledge in order to attain predefined goals. Only 14 per cent and six per cent of respondents understood knowledge management to be a technical term or an immaterial asset respectively.

The study also confirmed that knowledge management offers great potential for savings and process improvements, with over 70 per cent of the companies surveyed reporting noticeable business gains through knowledge management. However, there were again differences between the reported benefits among service and industrial organisations. 28 per cent of the service firms indicated an improvement in customer satisfaction levels, compared with only 16 per cent of industrial companies.

On the other hand, 23 per cent of industrial companies stressed improvements in quality, against only 15 per cent of service firms.

The research outcomes presented in this book are supported by best practice case studies of European companies that validate the Fraunhofer IPK knowledge management model. Based on the survey results that reveal the key business processes, most of the best practice case studies are concerned with the core knowledge management benefits of 'developing new products and services' and 'understanding markets and customers'.

Readership

The case studies make interesting reading and the main contribution of the research presented in the book is to show in quantifiable terms how to integrate knowledge management activities into daily business tasks and processes. The book is targeted at practitioners, specialists and managers, all of whom would have some interest in being able to compare and contrast their own existing knowledge management initiatives against the Fraunhofer best practice companies. In addition, the book serves as a serious platform for further academic study and the development of knowledge management as a strategic management orientation.

Verdict

The book deserves a lot of credit for developing a knowledge management model and putting it to the test in practice. Furthermore, the survey outcomes validate the organisational benefits of strategic knowledge management orientation. However, the book has an overly scholarly style and tone to it. I would therefore not recommend it to readers who are new to the knowledge management field, or to those who are looking for more hands-on guidance on knowledge management implementation.

Mikko Arevuo is principal at Delta Strategies Ltd. He can be contacted at:
marevuo@deltastrategies.co.uk

Copyright 1994-2002 Ark Group Ltd. All rights reserved.