

# External Provision of Knowledge Management Information Services: The Case of the Concrete and Cement Industries

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*Knowledge management (KM) is typically internally generated and managed. Information services (IS) have a long history of external provision. Strategic and resource considerations are barriers to continual internal KM development, therefore inducing a potential market for external KM. This paper analyses conceptual issues, especially asymmetry, for external market provision, and explores a case study of traditional IS being reconfigured into KM and IS in the cement and concrete industries; a particularly pertinent case, not only addressing generic issues of external provision, but also addressing KM services for projects, which have become a major means for procuring and delivering products and services.*

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## Introduction

Through the British Cement Association, a consultancy contract was instigated to put its information and library services onto a commercial basis. The

consultancy led to a UK government sponsored Knowledge Transfer Partnership (KTP) with an academic Associate located in the organisation over a two year period, essentially a programme for action research. This provided opportunity to explore concepts to be applied in practice, the result being information and knowledge management services provided externally to a range of end-users. This paper also explores practice with particular reference to service awareness, information and knowledge asymmetry, and consequential market management by the external provider.

*Information services (IS) have a long tradition of being provided to enterprises from other organisations. External provision has complemented internal provision. External provision of IS has been conducted as a 'free' or public service by a range of organisations. Recently, the exponential growth of information through the Internet has increased the extent of free information, indirectly paid for through promotion and advertising. Information has also been supplied to organisations through the market. The market for information through traditional delivery modes and through the Internet has also been growing.*

*Knowledge management (KM) has typically been managed and provided within an enterprise—internal*

provision. Concepts of *organisational learning*, the *learning organisation*, as well as KM arise from bodies of work that essentially have elevated former tactical issues to a strategic management level, some of the formative proponents being Argyris and Schön (1974), Senge (1993), Nonaka and Takeuchi (1995). In this paper the focus is KM, defined as information organised, interpreted and mobilised for action. As such, KM has become in practice a strategic part of competitive advantage and a core competency for many enterprises. KM is *adding value* to products and services.

Producing knowledge internally involves the identification, capture and exploitation of the information, mobilised for use in a particular setting or context. Mobilisation is a managing function involving interpretation, dissemination and internalisation. The types of knowledge generated and the way in which this is managed is the source for potential competitive advantage.

Conceptually, the provision of KM need not be generated internally, that is, within the same enterprise. It is efficient for some KM sources to be generated in an external organisation, accessed and processed within an enterprise for application.

The aim of this paper is to explore the external provision of KM conceptually, analysing the pertaining issues to the KM stages of identification, capture, interpretation, dissemination and internalisation. Exploration is derived from and developed in a case study, Concrete Information Limited (CIL), which has its origins within the British Cement Association (BCA). CIL is a joint venture between the BCA and the Concrete Society. It is an external organisation responsible for supplying highly specialist technical information—frequently the sole source—to those responsible for design, specification and to other consultants and KM packages to a range of users, particularly main contractors and the project coalition delivering complex projects.

The methodology is primarily ethnographic, whereby participation and observation is combined within the primary actors (Dunnette, 1976), supplemented by an element of action research, as participation has led to influencing the shape of service provision, which started through a consultancy contract and developed via a UK government Teaching Company Scheme, now called Knowledge Transfer Partnerships (KTP).

The main finding of the analysis from the case study is that there is a market. Provision of KM in the market requires additional strategic management by both provider and purchaser. Change management is necessary for providers, possibly involving more fundamental restructuring as in this case. Particular attention needs to be paid to marketing strategy. This helps the management of information asymmetry in

terms of awareness and content quality. Clients need to have robust KM systems for purchasing, disseminating, and applying externally provided KM, considering cost allocation against appropriate budget heads, especially in project environments.

## Conceptual Consideration for External Provision of IS and KM

The research problem posed through the consulting contract for, and the subsequent KTP programme, with the British Cement Association identifying and applying concepts for reconstituting the former information and library services into a viable commercial operation. Value needed to be added to the services and knowledge-based services were the best means to achieve this. However, external provision of KM services raised different issues compared to internal creation and application of knowledge.

KM has become an important part of enterprise strategy in recent years and a core competency for some. KM is contextually part of intellectual capital (Bontis, 1998; Dawson, 2000; Edvinsson, 2000) and it is estimated that intellectual capital constitutes over 10% of GDP in OECD nations (Edvinsson, 2000). Egbu (2000) noted that knowledge is composed of 10% technology and 90% people. Consequently the cost of knowledge is high in terms of human resources. Is there demand for KM as a service in the market?

First, enterprise strategies develop certain strengths and plug particular weaknesses, in order to determine their position in the market. Choices are required, which by default exclude other options. What are the implications for KM? On the one hand, if KM is excluded from a strategy, there is potential demand for a range of externally provided KM services. In such cases, the demand is likely to be at a tactical level and therefore expected to be problem-solving in character. On the other hand, if KM is part of a strategy, enterprises have strategically set a high value upon KM. However, both selection of strategic areas of IS and KM to develop, and resource allocation for the chosen areas have implications. Certain types of knowledge will be resourced and generated, and by default other types will be excluded. Enterprises with a KM capacity will value knowledge, thus creating potential demand for complimentary high value, high price external KM services. This demand may be latent in many markets, yet once rendered effective will yield greater efficiency and possibly add to competitive advantage in service delivery.

There is also some evidence to suggest that internal KM development is not always as effective as implied conceptually. Only 20% of available knowledge in an organisation is used (Brooking, 1996). Knowl-

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