

# Economics



## After reading this chapter you will be able to

- Appreciate the economic value of Knowledge Management to knowledge workers, managers, customers, and other major stakeholders
- Appreciate the economic risks associated with a Knowledge Management initiative
- Understand the methods of assessing the economic contribution of intangibles to corporate value

**E**nacting change in the corporate environment, while often necessary, is always expensive. Overcoming the inertia of corporate culture, especially in larger corporations, takes time, energy, and money. For this reason, any change has to have not only a reasonable return on investment (ROI), but excellent odds of succeeding in the corporate environment. The business landscape is littered with carcasses of companies whose well-meaning management went down the reengineering path, only to find that change was more expensive than they anticipated and the ROI was either insignificant or nonexistent.

In considering a Knowledge Management (KM) initiative, a corporation's senior management has to answer several basic questions:

- Will Knowledge Management save the corporation money?