expand the KM initiative to include sales, marketing, production, and customer support.

Issues

The experience of CGF's CKO in rationalizing continued investment in KM highlights several issues:

- A successful KM implementation typically requires a significant investment in people, processes, time, and technology.
- In assessing the value of a KM initiative, traditional ROI calculations and benchmarks are usually inadequate.
- It's difficult to show a return on investment for KM practices in part because of the difficulty in quantifying the contribution of enabling information technologies.
- Short-term measures of the effect of a KM initiative are generally subjective and qualitative; long-term, objective, and quantitative effects may not be measurable for years into the project.
- Techniques such as the balanced scorecard, while imperfect, provide a condensed view of qualitative and quantitative objectives, metrics, and indicators that management can use to establish the value of a KM project to the corporation.

Stakeholders

A prerequisite to understanding the economics of Knowledge Management is to define the typical stakeholders in a corporation in the midst of a KM initiative. As illustrated in Exhibit 7.3, the primary stakeholders are management, knowledge workers, and customers. The secondary stakeholders are investors, the competition, government, and outside services. The significance of each stakeholder is described in more detail next.