

After assessing the intangible assets in the company, the valuation is double the company's original book value, compared to previous assessments based on tangible assets alone. A biotech firm, Custom Gene Factory, acquires the company.

Custom Gene Factory's CEO, who is impressed by the usefulness and value of the knowledge audit, hires a chief knowledge officer (CKO) who reports directly to the chief information officer (CIO). The original KM consultant, demoted by CGF, resigns and offers her services to the company as a high-priced consultant.

The strategy for KM initiatives in the company is now in the hands of the CKO. After observing the ad hoc communities of practice that have formed in CGF, he proposes a computer-based collaborative system for key knowledge workers and senior managers. His plan is accepted, and, after several months of work, an electronic whiteboard system that supports instant collaboration is in place and in use. With the success of the electronic whiteboard system under his belt, the CKO proposes a corporate-wide strategy for indexing, archiving, and disseminating the information recorded by the electronic whiteboard.

Working closely with a team of senior managers, middle managers, and representatives from various communities of practice, the CKO crafts a request for proposal (RFP). This document reflects the corporate consensus on the technical capabilities that are needed to facilitate Knowledge Management. After an extensive evaluation of the solutions available, including an assessment of the vendors and developers, a vendor is selected, and a contract is negotiated for a pilot project in the company's research and development (R&D) division.

About a year into the pilot, the CKO is faced with the challenge of defending spending on the KM system to move it company-wide. Because ROI and benchmarking tools fail to capture the benefits and goals of the KM project, the CKO uses a balanced scorecard technique