

EXHIBIT 7.1

Potential Benefits of Knowledge Management	
Quantitative	Qualitative
Cost savings	Better management of ideas
Greater customer acquisition rate	Decreased likelihood employee defection
Improved bottom line	Greater customer loyalty
Improved profit margins	Increased collaboration with customers
Increased corporate valuation	Increased customer satisfaction
Increased customer loyalty behavior	Increased innovation
Increased customer retention	Increased knowledge worker empowerment
Increased market share	Increased knowledge worker productivity
Increased repeat purchases	Increased knowledge worker satisfaction
Increased stock valuation	Increased market leadership
Reduced cost of sales	Increased organizational stability
	Increased shareholder satisfaction
	Increased understanding of customer needs
	Positive cultural change

published articles in the trade magazines authored by knowledge workers and managers, or more national awards for innovation.

A related issue is proving causality instead of mere correlation. Simply because a company produces patent applications at a higher rate two or three years following the implementation of a KM program isn't proof of causality. The increased rate of applications could have come from a new hire who is particularly innovative, unusually prolific, and very creative—and who doesn't even use the new KM system.