

Knowledge management and profit pools - atoms of strategy development

Linking the profit pools strategy with knowledge management involves leveraging insights gained from understanding where profits in an industry accumulate and combining that with effective knowledge sharing and utilization within the organization.

1. **Identifying Profit Pools:** Profit pools strategy involves identifying where the profits are concentrated within an industry or market segment. This could be through analyzing different product lines, customer segments, or geographical regions. Another strategy is to analyze successful companies like Amazon.
2. **Knowledge Management:** Knowledge management focuses on capturing, sharing, and utilizing organizational knowledge and information effectively. This includes both explicit knowledge (documents, data) and tacit implicit knowledge (experience, expertise).
3. **Integration Points:**
 - **Strategic Focus:** Knowledge management helps in understanding which areas of the business contribute most to profit pools. By focusing knowledge management efforts on these critical areas, organizations can enhance their competitive advantage.
 - **Innovation:** Knowledge about profit pools can guide innovation efforts towards areas with the highest potential returns. Sharing insights across teams can foster creative solutions that capitalize on identified profit opportunities.
 - **Efficiency:** Efficient knowledge sharing reduces duplication of efforts and enhances operational efficiency. Understanding profit pools helps prioritize where knowledge efforts should be concentrated for maximum impact.
4. **Practical Applications:**
 - **Data Analytics:** Utilizing data analytics to identify profit trends and patterns can feed into knowledge management systems, enabling better decision-making and resource allocation.
 - **Cross-functional Collaboration:** Encouraging collaboration between departments based on shared insights into profit pools fosters a holistic approach to capturing and maximizing profits.
5. **Continuous Improvement:** Knowledge management supports continuous improvement by capturing lessons learned from profit pool analysis and applying them iteratively to refine strategies and processes.

In essence, integrating profit pools strategy with knowledge management involves aligning strategic insights about profitability with organizational capabilities in capturing, sharing, and applying knowledge effectively. This synergy can lead to more informed decision-making, enhanced innovation, and improved overall performance in competitive markets.

AHT has been working in these areas since 2002. For more information contact Dr. Pavel Kraus.