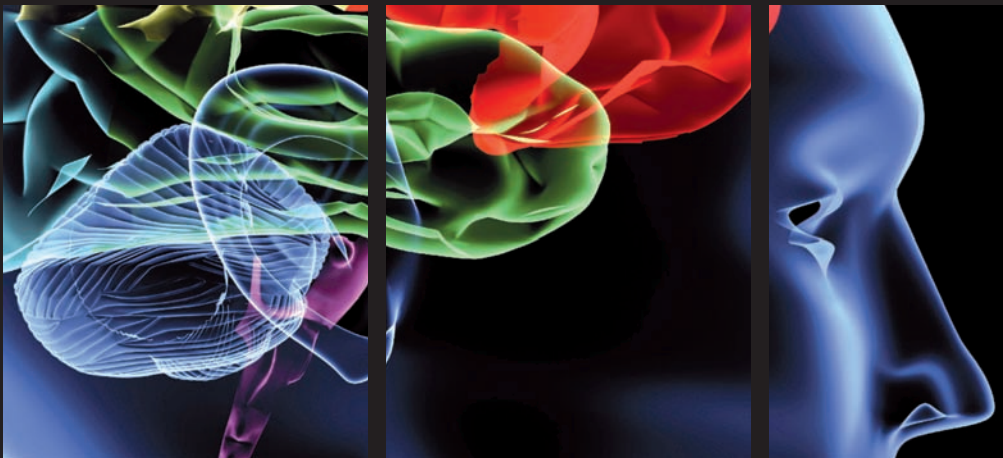


Leveraging Tacit Knowledge for Competitive Advantage

JOANNA GOODMAN



Leveraging Tacit Knowledge for Competitive Advantage

is published by Ark Group



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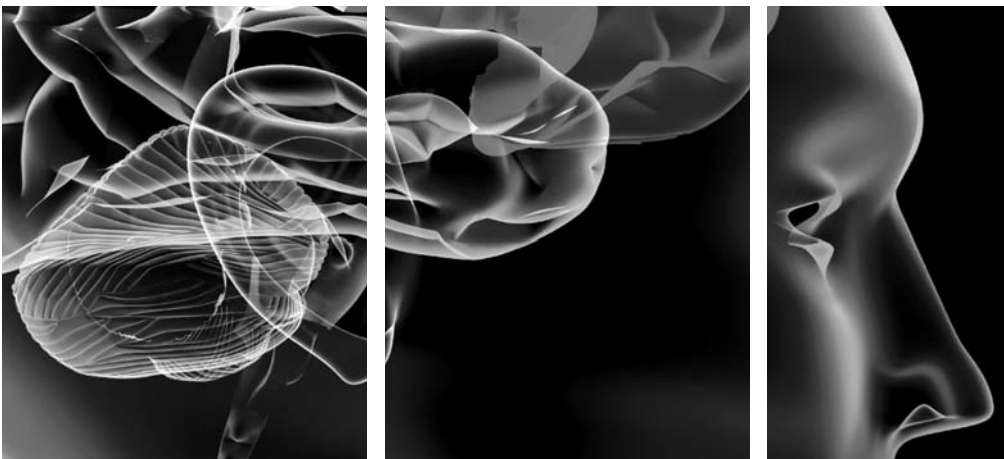
ISBN: 978-1-906355-32-6

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Executive Summary

LAW FIRMS trade in knowledge and expertise. Economic uncertainty and an increasingly competitive marketplace for legal services mean that it is more important than ever for firms to maximise their most valuable resource. Technology enables lawyers to create and access up-to-date legal knowledge and know-how extremely quickly from external and internal resources. Highly sophisticated knowledge management (KM) systems that interface with practice management and client relationship management (CRM) systems enable them to access – and search across – the firm’s entire information and knowledge resources, which increasingly incorporate intranets and extranets as well as Web 2.0 applications, such as blogs, wikis, forums and other collaborative tools. However, the fact that these resources are increasingly prevalent means that they support rather than guarantee a firm’s position in the market.

In common with other knowledge-based enterprises, law firms also rely on the undocumented tacit knowledge and expertise of experienced individuals to differentiate themselves from the competition. This is particularly relevant in today’s challenging business environment. Why do some client organisations use the same law firm or panel of firms through good times and bad? Why do others follow individual lawyers from firm to firm? How can firms capture the tacit knowledge that is genuinely experiential and underpins lawyer-client synergy? And most importantly, how can they transform this

implicit knowledge into a resource that can be transferred between individuals? This research report explores the issues and the attitudes. It looks at how successful law firms can learn from the knowledge community, other industries and each other to bring together technology, processes and people to achieve a genuine knowledge sharing culture that also encourages collective and individual creativity and drives innovation and effectiveness.

Chapter 1 examines the definition of tacit knowledge in a law firm. Now that so much information and know-how is captured by the various systems and processes, does the 21st century law firm need to revisit how we define the tacit knowledge that makes a difference?

Chapter 2 outlines the business case for capturing and retaining tacit knowledge: what benefits can be gained, and what the potential challenges are? How can you measure the quantitative and qualitative return on investment derived from leveraging tacit knowledge?

Chapter 3 turns to the practical considerations. How do successful firms go about creating and implementing a suitable strategy for leveraging tacit knowledge to boost performance and profitability? How do firms ensure the necessary buy-in to keep tacit knowledge at the heart of the business?

A certain amount of knowledge sharing occurs routinely in all organisations and law firms are no exception; the objective of developing a KM culture is to build on this and create sufficient mutual trust to make knowledge sharing and collaboration

intrinsic to everything the firm is and does. The human element is a critical success factor for any strategy or initiative involving tacit knowledge, as is the balance between structured and freeform content.

Chapter 4 explores how a combination of technology – including Web 2.0 applications – processes and, most importantly, people is required to build and support a genuine knowledge-sharing culture.

Chapter 5 highlights some of the tools and tactics that work. As lawyers are changing roles and firms more than ever before, how can firms and their people continue to benefit from the knowledge, expertise and experience of departing lawyers? This chapter features new and different know-how techniques – including cutting-edge knowledge-engineering tools – deployed by forward thinking knowledge-based enterprises to capture, manage and transfer knowledge and experience effectively while encouraging individual and collective creativity thereby extending the scope of knowledge sharing and knowledge creation in the 21st century law firm.

Part 2 comprises best-practice examples from the coal-face of knowledge management featuring UK and international firms of different sizes, structures and profiles that have successfully developed strategies, tools and tactics in order to capture and retain the individual and collective tacit knowledge that resides within their lawyers and business support professionals and leverage its value to benefit and differentiate their business offering.

Participating firms include A&L Goodbody, Cleary Gottlieb Steen & Hamilton, McGrigors, Mills & Reeves, Morrison & Foerster LLP and TLT Solicitors. These practical, up-to-date case studies demonstrate the value of investing time and resources in a genuine knowledge sharing

culture. They are presented alongside guidance from professional services organisation KPMG and leading experts, most notably knowledge engineering consultants Tacit Connexions and international KM guru Dave Snowden of Cognitive Edge.