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For what it's worth...

By Andrew Hedley



One of the hot topics of the moment (and, in all likelihood, the foreseeable future) is the impact of external investment into the profession as a result of the Legal Services Act. The knowledge strategist will recognise that any assessment of their firm for investment appraisal purposes will involve thorough due diligence of the KM function and a view being taken of its 'value added' contribution and potential. Inevitably this will shine a spotlight on how effectively the organisation has converted and crystallised individual intellectual capital into unique knowledge assets and leveraged these across the firm. If one accepts that the development and management of knowledge (in the broadest definition of the word, encompassing experiential and process, as well as legal technical, knowledge) is a central component of a law firm's market value, then it is clear that knowledge assets that deliver a sustainable competitive advantage will be highly prized. Therein resides the nub of the challenge for the knowledge community. How much of your current knowledge management bailiwick satisfies this assessment criterion? In many firms, KM is not focused on the creation of strategic competitive advantage but on improving operational efficiency. This myopic view consigns KM to the silos labelled *efficient drafting machinery*, *industry knowledge collation* or *risk management*. Consequently, putting a monetary value on knowledge management will prove to be a double edged sword. In truth, there are many engaged in KM whose role is no more than aggregation, collation and

dissemination of complex information. There is little opportunity for innovation other than in the more efficient and effective delivery to the client-facing lawyers. Whilst this has an undoubted economic value it is process-based. Like all processes, it will be subject to the cost-improvement and efficiency pressures imposed by advances in information technology. Over time the emergence of specialist outsourced providers, able to provide a depth and breadth of expertise which outstrips any internal resources, will increase pressure on in-house teams. Putting hard numbers on the costs and benefits of providing standardised KM services internally will allow investors to arrive at straightforward 'make or buy' decisions. It seems inevitable that those parts of the KM function which are process driven, subject to commoditisation and not central to the value creation process of the firm will ultimately be replaced by more efficient solutions and methodologies.

The implications are clear. The focus needs to be on the development of unique knowledge assets which create revenue streams or sources of advantage which are hard for competitors to replicate. These are the challenges which should be occupying the thinking time of the leaders of firms' knowledge communities; it is a once in a lifetime opportunity to demonstrate incontrovertibly, to those sceptical of the value of KM, just what it's worth. ■

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