

Managing the Fizz

The People Element of Knowledge Management



We are now in the knowledge era, or information age, where radical change will challenge our traditional paradigms of organisation structure, industry structure and product/service definitions. This 'new world of business' is characterised by high levels of uncertainty and the inability to predict the future. Increasingly, the important questions will not be about 'doing things right' but about 'doing the right things'. The focus will be away from finding the right answers to finding the right questions. Thrive, survive or nosedive? Knowledge management is an issue for today's organisations.



“Knowledge management is an attitude not a process... It has more to do with anthropology than technology. It is the coming together of people, systems and processes which creates the fizz and the bubbles, the innovation and the added-value in an organisation.”

English may be the language spoken in both the UK and the USA, but few who have travelled across the Atlantic, in either direction, will have come away unscathed by some communication difficulties during their visit. It is widely acknowledged the two countries are divided by a common language! But there is currently a greater divide between the United States and Europe and this time the language is that of 'knowledge management'. United by a common theme but divided by the approach the two continents are poles apart when grappling with the challenge of managing knowledge.

The difficulties arise because there is no common consensus on the definition of knowledge management. Everyone agrees that organisations have to face up to the global implications that the world is no longer characterised by predictable, incremental and linear change. This world is challenging the assumptions underlying

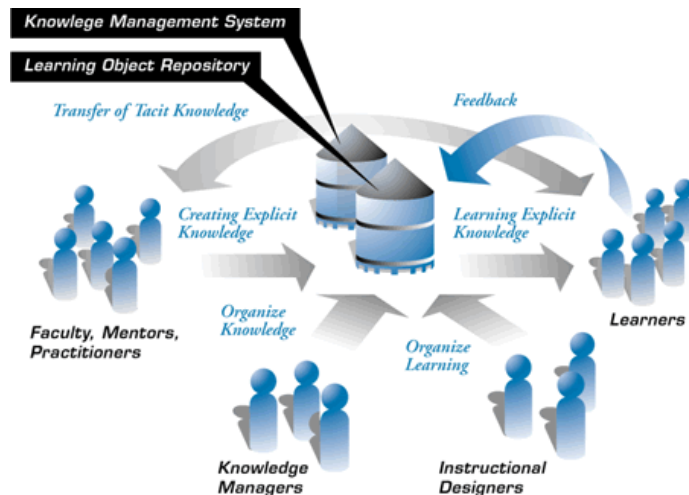
the accepted way of doing things. The common thread that ties the bond of knowledge management is that organisational wealth lies in the "value of knowledge that resides in peoples' heads" and that knowledge creation should be the core competence of any organisation.

In America, much of the debate in knowledge management so far has centred around technology. Their approach has been to consider knowledge as an 'information value chain'. According to Yogesh Malhotra, a leading researcher into Knowledge Management, "The information value chain considers technological systems as key components guiding the organisation's business processes, while treating humans as relatively passive processors that implement 'best practices' archived in information databases." Indeed, so strong has the technology thrust been that most English-speaking people believe that knowledge management is only about information systems and databases. A recent electronic survey with 5,000 respondents, conducted by Dr. Swallow and Professor Woolliams from Anglia University in the UK, showed that the overwhelming majority thought of knowledge management in terms of data capture, storage and retrieval systems. "Clearly, the I.T world has hi-jacked the phrase!" he states.

The results of an extensive new study conducted by International Data Corp. estimates that world-wide spending for knowledge management services, including consulting, implementation, software, support, outsourcing and training, will grow from \$776 million US in 1998 to over \$8 billion US by 2003. Interestingly, the same survey highlights the need to relate KM programs to the organisation's people and culture. "Our findings suggest the main barrier to implementation are the absence of an organisational culture that promotes sharing and employees' lack of knowledge management understanding."

Karl Erik Sveiby, a KM consultant based in Sydney Australia, admits that managers have sunk billions of dollars into IT programs that have been only marginally successful. Sveiby believes that the major reason for this failure is that management overlooks the fact that knowledge is embedded in people and knowledge creation occurs during social interaction.

The Europeans, however, have approached knowledge management from the perspective of people in a 'knowledge value chain'. The knowledge value chain treats people systems as key components that engage in continuous assessment of information archived in the technical systems. "It's all about respect for the



individual," states Lynn Rutter, Corporate Communications Director for the Finnish based telecommunications company Nokia. "People readily ask for help and extend it to those whom they know and trust." When technology is the focus of the knowledge program some workers see only a

suction process. They suspect that the point of the KM program is to suck out what they know and then discard them. Job security becomes a key issue and resistance and opposition set in. "Our knowledge management system is there to reflect our core values," explains Rutter. "Respect for the individual. But this doesn't mean they can do what they like. It means an obligation to act responsibly and with care".

Case Study - Xerox

"There is something about the subject [KM] that carries with it a positive energy. Knowledge is more of a heart subject than a mind subject, so there was an openness to the idea." Corporate Strategy Director, Dan Holtshouse.

Back in the 1970s, Xerox hired anthropologists to study how people worked. From the middle of the 80s, "teamwork days" brought quality improvement groups together to share best practices. They gave a high priority to research and thought about how to stimulate innovation. They promoted the cultivation of intellectual assets. The company researched into how best to transfer skills from retiring to new employees. They studied and tested communities of expertise and experimented with program management versus matrix management. Not all their efforts were successful but they learned from their failures.

Their model for future knowledge-driven companies:

- Sharing knowledge and best practices
- Instilling responsibility for sharing knowledge
- Capturing and reusing best practices

- Embedding knowledge in products, services and processes
- Producing knowledge generation for innovation
- Mapping networks of experts
- Building and mining customer knowledge bases
- Understanding and measuring the value of knowledge
- Leveraging intellectual assets

Eureka is just one of Xerox's most successful knowledge sharing projects. It started off as an internal project developed at grassroots level. Eureka is a database through which service technicians can share what they learn about keeping customers' copiers running. The idea was that they should never have to re-invent the wheel by solving the same problem twice. Eureka was built on something technicians did naturally - boast about their horror stories. The database became a huge success with everyone sharing because they trusted it would be reciprocal.

AmberWeb started out as a tool for 500 researchers to store and share their simulation models over the Web. Adding the capability to share experiment results in spreadsheets and experiment descriptions in word processing documents made AmberWeb very popular. AmberWeb has developed into Xerox's knowledge-sharing backbone, as an enterprise wide system for knowledge capture, integration and access on the company intranet. The product has evolved into DocuShare, a product to help their customers share their own knowledge.

The success of projects like these within Xerox has been because they were culturally prepared for them. For two decades they have worked to develop a worldwide infrastructure enabling problem solving and the sharing of best practice. The aim has been to empower individuals and workgroups and encourage sharing.

Adapted from 'Knowledge as a Function of X,' by Steve Barth

Research into knowledge sharing demonstrates that workers find it difficult to adopt practices and suggestions from co-workers with whom they do not have any personal contact. Many companies have opted to begin knowledge management programs by creating knowledge initiatives in small segments of the organisation. These can be marketing departments or a research group, but most commonly the priority lies with knowledge sharing of the sales team. IBM has successfully implemented their Relationship Management Tool (RMT), sharing knowledge of customer relationships. Yellow Pages has begun a similar program of building a customer knowledge warehouse. Although at first employees on the front-line may be averse to sharing

their experiences, they do have a good understanding of what it means to have the right data at the right time and support for these projects comes through when the benefits begin to roll out.

Why People Don't Share

1. They believe knowledge is power and hoarding knowledge is job security
2. They won't get credit for it or won't maintain ownership
3. They don't have time
4. They're afraid of not being right or of making a mistake
5. The technology you want them to use doesn't meet their needs
6. They don't know what they know
7. They don't know that what they know is valuable
8. They don't know how to share what they know

Source: Sharing Knowledge and Other Unnatural Acts; Knowledge Management Magazine

Shell Oil has established knowledge communities of employees with common interests. One group of engineers share information on best practice via the company intranet and occasional face-to-face meetings. Coming from 11 refineries across the US, they have found that working in a small targeted group has helped them create a pool of knowledge that they are all eager to use and add to. They know and trust their colleagues. However, the danger of this bottom-up approach to KM is that they could fragment the company's knowledge assets and unnecessarily duplicate infrastructure and resources. Shell Oil overcomes this problem by allowing its business units to devise their own KM systems, but the 27 different managers of the initiatives meet every six weeks to discuss issues related to KM and shared interests.

Case Study - Nokia

"We don't want contented employees! We want them to challenge us. We want them to acquire new knowledge and ask us what we are doing about it. We want them networking, listening and thinking outside of their box; which they won't do if they feel they are a unit of production. This is why Nokia is so successful. It's all about the values." Corporate Communications Director, Lynn Rutter.

Nokia views knowledge management as an important Human Resource issue. It is the vehicle by which they impart the companies values, not only in Finland, but all

over the world. Their program is based around the company's "Well-Being Programme". The process begins with:

- KM - Core Competencies: Nokia must have mastery of certain technologies, judged to be company level core competencies. What core skills are needed currently to support these competencies? For the future? What have we actually got? Where is it? What do we need to train? Who, when, how? Job profiles are created and specific skills that people need are identified. What is sustainable in the company?
- KM - Values: Respect of the individual. An obligation to act responsibly and with care. Encourage people to acquire new knowledge for their own self-esteem and for the good of the company. The act of knowledge sharing is part of everybody's job. Continuous process of learning and unlearning.
- KM - Career Maps and Development Paths to Skill Sets: empowering people to upskill and move around the company. Employees are able to see what skills and qualifications are required for which jobs, and to compare with themselves. They know what they need to achieve and where/how they can get training to advance themselves, sponsored by the company.
- KM - Life style communications - networking, story telling, socialising
- KM - Ideas Factory
- KM - Company Yellow Pages
- KM - Acquisitions: whatever the skills and experience of the company, if the values and ethics of the company are not similar to the Nokia culture, they will not acquire the company.

Nokia fundamentally believes that people have knowledge not systems.

Based on an interview with Lynn Rutter, Corporate Communications Director, Nokia

Just as television is more than a radio with pictures, knowledge management is more than a collection of databases and knowledge sharing. Knowledge management solutions must take a leap beyond documentation, applied learning, new software and collecting information from various domain experts. Technology alone cannot guarantee success in the knowledge economy. Even the best technologies will not necessarily ensure the creativity and innovation which is necessary for organisations to develop a competitive edge. Unless people meet, trust decays. So, knowledge managers should focus their efforts on the natural, dynamic way that knowledge is managed in communities of practice.

Larry Prusak, director of IBM's Institute for Knowledge Management, believes the biggest enemy of successful KM is the wrong choice of metaphors. The two worst choices are seeing the organisation as a machine and knowledge as a thing to be measured. "You can't quantify knowledge any more than love or trust!" he says.

Knowledge management is an attitude not a process. Clearly the time has come for human resource managers to embrace the concept of knowledge management in its broadest sense. It cannot be a separate function characterised by a separate KM department or a KM process. It has more to do with anthropology than technology. It is the coming together of people, systems and processes which creates the fizz and the bubbles, the innovation and the added-value in an organisation. It is enabled by technology but subservient to culture. Knowledge management is about managing the fizz and ensuring the bubbles don't evaporate. Now is the time for "People Knowledge Management" to come of Age! But, as Larry Prusak warns, "There's still a danger that the technologists will swamp us and KM will become a technological subject -which it isn't."

How Firms are encouraging creativity and knowledge sharing

- British Airways have created indoor 'street cafes' within their new Waterside complex
- A London advertising agency has bought an indoor lawn complete with swing and positioned these in the middle of the office
- A Finnish software house has built a fireplace in the office with 'cosy' chairs around it
- A Swedish furniture manufacturer holds 'product think tanks' in the sauna

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