KM Fundamentals – 3rd March 2002

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Knowledge Management

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Hello everybody and welcome. My name is Ron Young. I have the pleasure of working with you today with this exciting new subject area of Knowledge Management. I have this wonderful title – CKO, Chief Knowledge Officer. It sounds extremely grand. It means that I have the responsibility for the way we can best create, organise and leverage the knowledge in our organisation. I have been doing this for Knowledge Associates since 1993. Throughout the course of today I will be sharing with you some of the other new roles and responsibilities that have developed as a result of Knowledge Management.

If I can go back to when I was at school, and if I thought that one day I would be a Chief Knowledge Officer, I would have probably said, ‘That’s very nice, that’s very grand’. That is, until I recently went to America and I was introduced to a Chief Wisdom Officer! So, obviously, I have a way to go yet before I’ve arrived - but it’s a very exciting subject, Knowledge Management.

I am assuming today that many people are perhaps coming here totally new to Knowledge Management and that you are here simply to soak up whatever you can. Equally, I know that there are some of you here that have already embarked on some KM initiatives, and in a few moments we will explore that further. But before I actually explain the objectives for the day and how we are going to conduct the seminar, let me just paint you a big picture if I can, for just a few minutes. Let me start to do that by quoting somebody who inspired me to get in to the field of Knowledge Management in the first place, and this was Professor Peter Drucker.
"The most important, and indeed truly unique, contribution of management in the 20th century was the fifty-fold increase in the productivity of the manual worker in manufacturing.

The most important contribution management needs to make in the 21st century is similarly to increase the productivity of knowledge work and the knowledge worker."

Peter F. Drucker

For those of you who have read his work, you may well have read what he said here. I’ll read it out aloud;

‘The most important, and indeed truly unique contribution of management in the 20th century was the fifty-fold increase in the productivity of the manual worker in manufacturing’.

I think that's quite a staggering achievement. Management enabled manual working to increase in productivity fifty-fold, presumably through a combination of management theory and science, improved processes, and new technologies.

He goes on to say that … ‘The most important contribution management needs to make in the 21st century is similarly to increase the productivity of knowledge work and the knowledge worker’.

This is a significant shift. I am told that it was Peter Drucker who was the first person to coin the phrase ‘Knowledge Working’ in the 1960’s. I’m sure that you will agree with me that he had a remarkable vision and insight at that time. He recognised in the ‘60’s, as we all recognise and accept today, that work, as we knew it, was about to dramatically change. Now we have completely redefined, and we are still in the process of rethinking our work. We’re no longer just paid for manual work using our muscle and skills, but many more of us, especially in the developed nations, are paid for the way we use our knowledge. In fact, predominantly, more so. More and more people today are working with knowledge and information as the primary resources in their daily work.
During this morning we will look at the difference between information and knowledge because that can be quite confusing and sometimes and you tend to use those words to mean the same thing.

People say that the new wealth creators of the 21st century and the new equivalent of the new multi-national enterprises, yet to be born, will be those knowledge-based, knowledge-driven enterprises that know how to manage their knowledge and apply it well.

So Peter Drucker was the starting point and an inspiration for me in the late 1980’s and I recommend to you all his work. I especially enjoyed his book in the early 90’s ‘Post Capitalist Society’.

This all underlines the fact that, during the past ten years or so, we have been making the transition to the Knowledge Era, and today we are going to explore how this happened, what the Knowledge Era is, and what we mean by using some of these new terms like ‘Knowledge-driven organisations and enterprises’, ‘Knowledge-enabled Enterprises’. What exactly is a ‘Knowledge worker? How might we be able to better understand this transition to a Knowledge Economy and use new knowledge to provide new opportunities and benefit in our own organisations, and how might we start to take the first step to do so?

So that’s Drucker’s inspiration, and from this inspiration, we developed our own Knowledge Associates’ position in Knowledge Management. Let me take you through that. Again, I will read it as much of today will be concerned with exploring and examining this position in detail.
The first point in our position statement is that... 'Knowledge Management is about collective knowledge. Connecting people together is just the start'.

We say that because in the world today a lot of people think that Knowledge Management is just technology, and indeed it's a key part. If it were not for technology, we wouldn't be here today talking about Knowledge Management. Technology connects people and gives the potential for people to better communicate, collaborate, share their learnings, and create new and better ideas and innovative products. So technology is critical to connecting people around the world – to create the potential to do Knowledge Management.

Quite rightly you might be saying ‘Haven’t we always been managing our knowledge? What’s new here?’ The big difference is the word ‘Collective’. Never before in history have we had the new tools, technologies and processes to be able to manage our knowledge collectively to the degree that we can now – right across the enterprise. Indeed right across vast communities, which are quite often spread around the world, as we shall be exploring.

This whole notion of looking at knowledge, not just as the sum of the individual knowledge in the heads of the people, but that there are new ways of working smarter, so that we can create and leverage even higher quality knowledge, faster, by managing it from a collective perspective. This is one of the great claims of successful Knowledge Management. We will be exploring just how that happens. So it’s about collective knowledge.

The second point in our position statement is ‘effectively collaborating, learning and innovating, as one, is the key KM challenge’. It is about helping people to effectively work together – to collaborate, and the reason for this is because we now know that effective collaboration is the best ways to create new knowledge fast. It’s also one of the most effective ways for people to learn as fast as they possibly can, and innovate, as one. This is the key challenge and, in Knowledge Management, we are continually striving to find better ways to get people to more effectively collaborate, learn, share and develop new ideas and innovative
products and services faster. Today I want to share with you where we are at with this, and describe how some companies are doing it.

The third point in our position statement is that Knowledge Management is also about new ways that we can… ‘Rapidly and continuously harvest the daily crop of new learnings and ideas across the organisation, and to be able to develop better collective knowledge’

Developing collective knowledge is now possible, a result of some innovative new some collective and systematic km processes. If you take the analogy of a farmer who harvests a crop once a year, we can all relate to that situation and how farmers are always trying to maximise their yield. The farmers may even try to take several crops a year, if possible.

In a knowledge-intensive organisation it’s no different in principle. But our crop is a daily crop, daily coming to fruition with new learnings and new ideas right across the enterprise. I suggest to you that there isn’t one enterprise that doesn’t have some daily new learnings and ideas. In fact, we know that most organisations have far many more ideas and new learnings than they can effectively cope with. The notion of having new tools and processes to continually harvest these new ideas and learnings right across the enterprise and to be able to develop them into better knowledge that people can more quickly apply, is one of the key processes in KM that we will explore today - and its also a key challenge.

Finally doing all of this for its own purpose is no good at all. It would simply become a grand intellectual exercise. The fourth point in our position statement is that ‘Focusing and applying best collective knowledge, like a laser, is the key km strategy’.

Knowledge Management is about focusing this new collective knowledge, with laser precision, to better achieve the vision, mission and objectives of our organisation. The whole science, and art, of connecting people, enabling them to communicate, collaborate, learn, share, innovate, harvest – and turn it into better knowledge, turn it into better and more skilled and more competent people, and then apply that for the business benefits is really what Knowledge Management is claiming. They are big challenges and they are big claims but this is what Knowledge Management really is – and we will be exploring how to do that today.
Let me start off by just suggesting to you that we need to look at two things; ‘Knowledge’ and ‘Knowledge Management’. As you know there are different perspectives on what knowledge is. What we are not going to do today is try to discuss from a philosophical point of view what knowledge is because even the philosophers disagree and they’ve been at it for five thousand years.

We’re going to look at knowledge from an organisation’s efficiency, effectiveness, performance and quality perspective. Even with this, there are different perspectives that I just want to share with you, and if some of you have already been on KM conferences or perhaps read articles you may even be a bit confused because of the different approaches.

One perspective is that knowledge is a thing. Knowledge is a thing that you can locate. You can codify the knowledge, you can distribute it around the enterprise and you can reuse it. This is an extremely valuable perspective and of course naturally, as you might have guessed, it was born out of the IT movement. IT connects people so that we can codify, so that we can share, so we can distribute right across the globe for the very first time very cost-effectively.

If we go back to the 60’s and 70’s, it was only the large multi-nationals and perhaps governments that could afford large centralised computers to try to communicate to their people what was going on. Today, with the Web, Intranets, telephones, portable mobile phones, video conferencing, everyone (even a one-person business) has got ability of global reach and can afford to, if they know how to use it. Therefore, IT has a very big part to play in bringing to us the technologies to connect us together as you will see to enable us to work better together, to collaborate. But it is just one perspective, and it is a very valuable perspective I suggest to you, especially, if you find value within your organisation of reusing existing knowledge.
Many organisations that I work with tell me that they are continually, continually reinventing the wheel. People are solving the same problems daily that somebody else solved in another part of the organisation just 6 months ago. People are trying to create things that somebody else created in another part of the organisation 3 months ago.

The larger the organisation, the more they will tell you that vast sums of money are being wasted because they are grossly inefficient. Well now we know better, we can say we’re ‘grossly inefficient’. We’ve always done the best we could as organisations but now KM has taught us and now we know better that it is gross inefficiency. One thing you can do is, if you look at knowledge from this perspective, then you can see how costs can be dramatically reduced, if you organisation was no longer reinventing, people no longer recreating, and resolving problems that have already be solved by someone else. In other words, if it is already known in the organisation, just imagine the efficiency, if it was known by others in the organisation.

This is one perspective on knowledge, but its just one.

The next perspective is that knowledge is really about creating new knowledge. It’s not actually a thing at all. In fact this School argues that knowledge is not a thing. Its something that’s in the heads of people and once you put it into computers, it then become information. Let’s explore this further. This School says what it is really about is – ‘How do we create new knowledge, new ideas?’ and this is a very valid perspective. This perspective says that it comes about when you get people to communicate and collaborate together to create new knowledge. Again, if your organisation values innovation and the creation of new knowledge more, then you might be particularly interested in looking at this and what’s going on behind this. This is just another perspective - there is even more.

Another perspective is that knowledge is an asset and it’s a strategic asset and in fact working with government and large multi-nationals, they say that knowledge is their Key Competitive Strategic Asset. They say that organisations that best treat it as an asset and manage it and strategise as a result are going to be the leaders.

Whereas we looked at how reusing knowledge is operationally very efficient, and somewhat more effective, here we look at it strategically and indeed I have looked at organisations that have looked at themselves differently. For example, Shell thought it was in the business of oil exploration and oil refining but then it looked at its knowledge and the role knowledge plays in having the best oil exploration rigs and having the best refineries. Shell decided it wasn’t in the business of that at all - its real essence was its knowledge of this and all of these things were manifestations of its business to have the best knowledge of refining and the best knowledge of distribution. As a result, Shell transformed strategically its business positioning.

So looking at knowledge as a strategic asset is another perspective.

Some people say if you can’t measure knowledge, then you can’t manage it, however, if we are talking about ‘Knowledge Management’ and we are using those words, you have got to have measurements. Furthermore, some people say you can’t or you shouldn’t measure knowledge. Today I am going to explore with you where we are at with the measurements.

Let me take this opportunity when I say ‘explore’ because it’s an opportunity to just mention our approach. I am not going to dictate to you the definitive statement for Knowledge Management. What I’ve learned is to present to you what other successful companies are saying what Knowledge Management means to them from different perspectives and then for you to decide which of those perspectives appeals or doesn’t appeal and what might be right
for you. So, throughout the day, the approach will be – here are exemplars, here are the approaches, this is what certain people are doing very well but is it right for you?

Here you can see that you will start to see whether the notion of measuring and reporting on your Knowledge Assets is of great value to you or not.

Another perspective, which I particularly like and want to mention is that some people say ‘Well codifying all this knowledge is ok but it was codified based on what was important to them in the context of what they were doing, at that time’. But knowledge is not like that. Knowledge is needed and knowledge is situational and contextual. You realise whether you have the knowledge or you don’t have the knowledge in the context of what you’re doing right now. So there is a movement or a school that is following on from ‘Just in Time Manufacturing’ called ‘Just in Time Knowledge’. How do we get the knowledge that’s right within this context? As you can see this is just another perspective.

In addition to different perspectives on knowledge, in setting the scene, it’s interesting to mention that there are, as result, different perspectives on what Knowledge Management is. I just want to share a couple with you.
Different Perspectives on KM

- KM is formal, collective and systematic
- KM thrives on chaos and serendipity
- KM is strategic and ‘top down’
- KM is organic and ‘bottom up’
- KM and e-Business? KM and CRM?
- KM for profit? KM for public service?
- KM is for large organisations.
- KM is for SME’s
- KM for personal, team, organisation & community
- KM needs/does not need Standards
- KM is a new holistic management discipline

The first is that Knowledge Management is ‘formal, collective and systematic’. We now have new processes, new tools, new technologies and new techniques. It’s a perspective and it’s a very valuable one as I have already discussed with you, particularly for those that reuse knowledge.

There is a perspective that says ‘KM thrives on chaos and serendipity’ and once you are formal and systematic, you are actually focused and, as a result, you might miss something important. An example in our daily lives is that somebody said to me the other day in a briefing ‘Yes, I know exactly what you mean. I like to flip through a Newspaper every day but I’m not actually interested in all this stuff. But, I find that if I flip through sometimes, it might give me little connections to something, which has a relationship to what I’m doing. Whereas, if I just went to the Sports Pages or the Business Shares, I might miss this other stuff’.

Another perspective is that KM is strategic as I have already suggested and we should have a top-down strategy and we should have Chief Knowledge Officers and we should have a KM Strategy which links to Business Objectives and we should drive it through. This too, is extremely valuable.

There is the perspective that says that it must be organic. It must flourish naturally and it must be allowed to happen from the bottom-up and KM across the enterprise is a result of all of that flourishing naturally. These are all valid perspectives. I just want to paint a picture and then explore with you during the day what’s right for you.

In addition to these perspectives, we then get very common questions and I take the opportunity to anticipate them here. Many people say to me ‘Where does KM fit in with E-Business?’ or ‘Where does E-Business fit in with KM, I’m not quite sure about this?’ and ‘Customer Relationship Management, isn’t that Knowledge Management? Isn’t that Client
Knowledge Management, Market Knowledge Management.. Does Knowledge Management plug into CRM or does CRM plug into Knowledge Management?

Another key anticipation is that people say, ‘Yes, but in profit-making companies you want to have Knowledge Management initiatives to help them make more profit but I come from government and public service or I work in the Health Authority. Is it the same systems we use or is there a different approach?

So what I’m getting at here is it depends what you’re wanting to do. KM isn’t an out-of-the-box, plug-it-in solution – it depends on your organisation’s situation. Let us mention also a few other anticipations:

First of all, I think you can already see and understand why Knowledge Management can be of great benefit for large organisations. The knowledge is fragmented, people typically don’t know who they know or what is known in the organisation, what was done before and what was solved. Therefore, there is a lot of reinvention and large organisations can naturally benefit tremendously from KM. We will be exploring that today because I know some of you are from large organisations.

I also want to mention to you that there is another perspective that is Knowledge Management is for small and medium-sized enterprises. Now they don’t have the same problems. They know what they know. They know who they know. They don’t reinvent so much although I’m going to argue that they still do reinvent. I’m also going to argue that as human beings we are also pretty lousy at managing our own personal knowledge but that’s another issue. What I want to say right now is that there is another perspective and a very interesting, exciting perspective that I’m personally involved in this year which is looking at the needs and the issues for KM from a one-person company that wants to compete in this global economy to a large organisation – what should they be doing. This is not just for the big boys, this is for everybody.

A few other dimensions now. I’ve touched on it now by mentioning personal KM. Knowledge Management. We have to look at the organisation, but equally, we’re looking at personal Knowledge Management, we’re looking at Knowledge Management for the team and we’re looking at it right across the organisation and community. So, there are quite a few perspectives.

I have to also mention to you and update you by saying that some people feel that Knowledge Management can now benefit enormously if there was some sort of standardisation, although some people say the minute you standardise this you will kill it. We will explore and I will update you with what’s happening around the world with the British Standards Institution, the European Commission, with American ISO. Major initiatives are occurring as we speak on this whole issue of whether to standardise or whether not to standardise with KM.

There is one final thing I think I would like to say, in case you are already saying ‘My gosh, different perspectives on knowledge, different perspectives on knowledge management, I’m a little bit confused here’. Let me try to offer you some comfort by saying to you that what we have learned in KM is that it is a holistic management discipline which is very, very broad. Therefore, there will be different people, different disciplines, different perspectives and we’ll be exploring the essence of some of those today. It’s a holistic discipline that can reach right across the enterprise but you might start in a very small way.

So I want to take a few minutes now in just telling you briefly where this came from and explaining to you how we’re going to approach the rest of the day.
Very briefly, I just want to set the scene by sharing with you something I read in the mid-1990’s as I was travelling to USA on an aeroplane. It was the front cover of Business Weekly. This front cover of Business Weekly from 1996 said ‘Rethinking work, the economy is changing, jobs are changing, the workforce is changing, is America ready for this?’

What Business Weekly was saying is that we are redefining and rethinking work. The world has turned upside down. The way we think about work, the way we think about the way we organise ourselves, the way we think about creating wealth and earning a living has totally changed. However, we may all be stuck in the way we used to work and think but if we’re looking at what the Knowledge Economy means, we have to think differently. Knowledge economics are different to Industrial economics. With Knowledge economics, we are dealing with something, which is abundant. In the Industrial economics world, we are dealing with scare resources. It’s quite interesting. We’ll explore this briefly.

‘Is America ready?’ what were they really saying there? What they were saying quite simply is this.
That the world is changed to predominantly a Knowledge-based economy that working has changed predominantly to Knowledge working, that organisation’s structures have changed predominantly to knowledge-based and knowledge-driven organisations. In other words, we are in what we all call ‘The Knowledge Era’.
I will briefly explain that so you can see where that came from. It’s very interesting when you look back in history to see how we’ve arrived at this Knowledge Era. What this table is showing is the predominant eras and where people were predominantly employed. I am not suggesting to you that we have left the Agricultural Era for one minute. Actually, we eat more food on this planet today than we have ever eaten before. Agriculture is incredibly critical and important but predominantly in history there was a time when most of us, if not all of us were earning, living and working on the land, so its ‘Work Distribution’.

As with the Industrial Era, I’m not suggesting for one moment that the Industrial Era has disappeared and all that’s left is the Knowledge Era. We are making more things and moving more things around this planet than we have ever done before and we will continue to do so but predominantly people are not working in that area as much as they were. We’ll explore that in a moment. The Information and Knowledge Eras are basically what’s exploded since the 1960’s, since new communications and collaborations technologies emerged, whether that was telephony, television, satellite, computing, you name it.

What is interesting from our perspective and in the context of today’s discussion is if we just briefly look at a couple of things on this slide. If we look in the era where land was the predominant asset as it still is today, you find that the way that asset was managed was by the owners of that land. That is no rocket science.

When that changed to factories and plant machinery being the key assets, the way we managed that business changed. It was no longer good enough for an owner telling a worker or lots of workers what to do. We started to develop formal management theories and practises and we started to have hierarchical organisations with management structures – Top Management, Middle Management. The managers held the knowledge and the managers, by and large, told people what to do. That was their role. Not only tell people what to do but to gather what they’ve done and report up ‘on high’ what they did.
When we move into the Information and Knowledge Era, something significant changed - the balance changed. The key thing that happened, if we take the Information Era, where it was possible through computers to pump information around the organisation to everybody, is we suddenly saw something quite staggering. This is summed up quite well by Jan Carlsen who was the one-time president of SAS, the Swedish airline. He said:

‘People without information cannot take responsibility.
People with information cannot help but take responsibility’.

As soon as you put information in the hands of people, suddenly they become empowered, suddenly they can make decisions of their own, suddenly they’re informed and they can do the things that managers used to do. We saw a great shift away from hierarchy and more towards matrices of empowered teams and people who had the information they needed to get on and make their own decisions and take their own initiative. This was not necessarily the case in the earlier eras.

What we are seeing now in the Knowledge Era, is not just people that are empowered to make decisions because they are informed but something else quite remarkable has happened. We have learned over the last 50 years by working with physical teams how we can create high-performance physical teams. We have learnt that when you get a team to collaborate well, there’s synergy and team spirit. It is not just the sum of all their independent parts that create high performance teams, there is another added dimension - we call it synergy. I’m sure all of you who have been in a high performance sports team can identify with this. Go and talk to the people who worked on the Apollo team to put man on the moon, they will tell you what that meant as well. Many of those have said that ever since that high level of synergy, they’ve been trying for the rest of their lives to get into a team that has the same buzz.

Collaboration is key to creating new knowledge and it’s key to bringing out in you what you already know. Collaboration pulls out what you might not otherwise pull out yourself working as an individual even though its in there and it enables you as a team to get to a higher level. Therefore, collaboration and Collaborative Teams have become the new units in the Knowledge Era of creating new knowledge and leveraging knowledge. One of the reasons this kicked off so fast was in the early 90’s we started to see collaborative technologies which support people right across the planet.

In the Information Era, we’ve got computer technologies that can pump and push information to people but now we have collaborative technologies where a worker in New York can be putting a proposal or a research document together or be working on the same legal project as someone in India, as somebody in Singapore and somebody in London. I have done it regularly. Many of you may well have been working virtually, working with other Team Members in other parts of the world. Or indeed, it might just be your Team Member in the room next door. This has come about because of communication and collaboration technologies and you will see that the way we manage Knowledge-driven organisations is from a collaborative point of view.

I’m not saying hierarchy’s disappeared. It is situational. There are times when you need hierarchies in an organisation. I’m not saying that empowered matrices of teams have disappeared because in fact that it is a prerequisite to collaborative teams anyway. It makes us look at our organisations and how we should manage ourselves, depending on what we want to do.

Finally, lets look at how we got here. Looking at the Agricultural Era, we can see that the key input to producing products (food) was agricultural workers and manual muscle. In the Industrial Era we started to put in some raw materials like oil and gas and electricity as well
as manual muscle and some people telling us what to do even more so, more regularly and in a more formal way.

A key input into the Information and Knowledge Eras is information and knowledge. In the Knowledge world, we mean ideas, new insights, creativity, new innovation and new learnings. We are in the era of intellectual products and services and this is where we are going to get our wealth.

Let me just tell you what people are saying about the Knowledge Era. They are using the term ‘Knowledge-based Economy’ a lot. You may well have heard about and read about that. Our Prime Ministers, our Ministers are using it. I was in Hong Kong in November with the Chief Executive of Hong Kong and he got up and talked about the Knowledge Era, the Knowledge-based Economy, the Knowledge-based organisation. These words are almost buzzwords in our daily vocabulary but what do they mean?
Knowledge-based Economy means that the economy and the wealth-creation has changed significantly. It has changed from a world where capital was seen to be a physical thing, tied up in stocks, plant machinery and land to a world where our real capital for creating wealth is intangible - it is intellectual, it is brain-power. The wealth-creation doesn’t require vast investments in land and machines. If you have got a PC connected to the Internet and you, or a team of people, have got some good ideas, then this is the capital that you invest in. I suggest to you that that’s the capital that we need to be looking at and, in particular, the best ways to develop and invest in this capital.

Let me share with you some research that’s been done on this because the main suggestion here is that whereas the main value of an organisation was once in its tangible, today the main value of an organisation is in its intangible. In some companies, if you look at the valuation of them (particularly listed companies), you will see that on their balance sheet, 10% is assigned to tangible assets, such as desks and computers and 90% of their business is what’s in the heads of their people. Let me share with you the results of that.
Here are a couple of research reports, one of them from Andersens. This is quite staggering. They just looked at company valuations in the period 1978 to 2001. In 1978, if you looked at publicly listed companies, 92% of their value on the Stock Exchange was tangible. The rest, is how much they valued at that time, that was intangible. Now look at 1998, just 20 years on. 22% of the value quoted on the Stock Exchange could be found as tangible assets. 78% was a realisation that the real value and the real capital is knowledge - the intellectual capital.

Look at 2001 – I am sure that you will agree that you can see the trend. 10% of the market value is now tangible and 90% intangible. That says two things about the types of company on the Stock Exchange. The most valuable ones are the ones that manage their intellectual capital the best. They have got the highest valuations and this survey shows how we have recognised the importance of this. The table also show some of the figures to support this. These are US publicly quoted companies and the date is March 2001, so it is quite recent.

If you look at any one of these companies, and if you look at their Market Capitalisation in millions and billions of US dollars, and look at the tangible value that’s shown on their balance sheets, you can see how much is tangible. Even the big companies with large manufacturing plants are valuing their intellectual capital far, far more than they value the tangible, for example look at Boeing and Ford on the table. In other words, we know where the wealth-creation comes from now. I think you will agree that that this is quite staggering.

AUDIENCE – Can I ask a question Ron?

RY – Yes you can of course.

AUDIENCE – Are tangible values the same as capital assets or is it broader than capital assets? What are you actually measuring?
RY – In traditional accounting terms, it means capital assets that you can touch and you can label and you can sell for money so it means plant machinery, desks, buildings if you own them and land if you own it. So in the case of Boeing and Ford, they have got a lot of tangible capital assets. The balance sheets today, when they use the term ‘Capital Assets’, don’t categorise and measure intangibles. What they do in classical accounting is they say ‘Right, the company’s been valued on the Stock Exchange at $457 million. We can account for $47 that we can touch’. All the rest they put in Capital Assets, under the term ‘Good Will’.

That is just not good enough any more and it is not acceptable any more to do it that way. Knowledge Asset Accounting is the new discipline that addresses this and I will come onto in a moment. Does that answer the question?

AUDIENCE – Yes thank you.
Let’s talk about another term then - ‘Knowledge-based Organisation’. What do we mean by that? Well we have touched on that I think already. We have said that people can no longer work in hierarchical functional teams in a Knowledge-based organisation. I am not saying these teams are not important but we also need to recognise that if part of what they are doing is creating and applying knowledge then they need, wherever possible, to take advantage of the sort of structure that best optimises that. That tends to be teams of people across functions. Diversity is key, I am sure that we all recognise that.

By reaching across the organisation and putting teams together which might include somebody from finance, manufacturing, Marketing, Production, Logistics and if they are putting a Bid together, perhaps we are going to get a better and richer solution than if we just work in our own little silos.

I have already suggested that collaborative, virtual, cross-functional teams are really the new business units in organisations that recognise themselves to be knowledge-intensive, knowledge-based and knowledge-driven. Incidentally, if you are a small organisation or even just one person, what this means to you, is it’s whom you network with, the teams you work with and how you all leverage each other’s knowledge.
Knowledge Working

I remember the first job I had in a bank in London. In the first week, my manager told me to, ‘Stop talking and get on working’. However, today, if you are not talking and communicating, then you are not Knowledge working. Now there are more ways to communicate — email has become an effective method. However, individuals, now face the problem of email overload. Some of this email is important and should be responded to, as it is part of our daily work and some of it is irrelevant. Individuals need to understand how better to deal with emails, as there is still confusion between what effectively is part of work and what really is dross.

So those are the knowledge terms — knowledge era, knowledge economy, knowledge driven organisations and the knowledge working.

Before we have a break, I would like to tell you about my personal position. I have had the privilege of working around the world and listening to lots of people, helping lots of people and discussing with people what this new way of working means to us all, whether its on the west coast of America or in China, whether its in under-developed countries or in the first-world, the second-world or the third-world. It’s a great privilege.

One of the things that I have observed, and all of us have observed, is the fear that’s going on right now — the fear that all the traditional companies are disappearing, all the traditional jobs are disappearing and a lot of people just don’t know what to make of it. People are concerned and fearful and, as we are in a recession right now, this doesn’t sound too good.
It is my view, and there are an increasing number of people around the world who are subscribing to this view, what is actually happening is that, we are not recession at all, but we are in a turbulent transition to a new economy. Some of the new jobs that are waiting for us haven’t even been invented yet and although we naturally cling on to what we know and to the way things used to be and hope they continue, I suggest that we are actually, moving to an even better economy. I place my stake in the ground, which says that we are moving to that better economy where there are going to be even better job opportunities, however, to get there it will be a turbulent journey.
We are making a turbulent transition to a knowledge economy and I actually believe, as many people do who are privileged to be in this profession, that it will significantly improve the quality of life of everyone on this planet.

There are 6 billion people on this planet now and there are 6 billion reasons why the Knowledge Economy is good for us. Let me just give you another reason. Everyone is concerned about our planet and about the way we are using up our natural resources, using up our rainforests and our oil. Everyone is saying, “Wouldn’t it be nice if we could have a sustainable planet?” Well, the Knowledge Economy does not rob the planet of its natural resources. The Knowledge Economy does not pull down rainforests. The Knowledge Economy is all about our brain power and I find it a nice thought that we can create even more wealth and create jobs this way. We can even work together from wherever we want to, be it from the rainforest or the city. So I want to put forward this positive view at this stage because I know, speaking with many people, they are rather concerned about what’s going on around the world at the moment.

The suggestion is that it is a turbulent transition but I have no idea, I am afraid, whether that transition is going to take 5 years, 10 years, 50 years or 500 years. If anyone has a view on that later, I would be interested to know what others think.
Let’s just talk about the rest of today. We have almost finished the introduction, then we will continue with ‘Why Knowledge Management?’ where we will make the case for KM, a bit more. Here, I actually want to share with you the Strategic benefits for your organisation. Also, I will share with you what others are doing and what they are doing might work for you.

It is very important that we look at what KM is. There is only a certain amount of ‘Why’ that I can share with you, without knowing the ‘What’. It by knowing the ‘What’ that will enable you to better understand ‘Why’. I would like us to spend an hour on what it is, what are some of the key terms, what are some of the key references you can go to if you are interested in the theory and what are the key definitions? I want to explore how we’ve recognised the best ways to transfer knowledge and create new knowledge across the organisation.

After lunch, I want to spend the rest of the afternoon by looking at the key issues of what to do next, how to do it and what do I need to think about? Already I can share with you that although the new technologies are remarkable and we are grateful for them and although the new processes to help us harvest knowledge are well known now, the key issue is still the people.

The people issue, culture and behaviour are key to KM. People are asking ‘Why should I share my knowledge? I might lose my value in the organisation. If I share it with you I might even lose my job’. This is a key issue. We have to explore this in terms of knowledge working and how we might go through the steps of implementation. In other words, we are saying that we have got the war-wounds now and don’t want them again. During the 1990’s, we learned what works, we learned what didn’t work, we know what the Critical Success Factors are, so in the spirit of good Knowledge Management, nobody wants to reinvent the wheel again. We just want to move forward.
So the objectives of the seminar are this. I hope that by the end of today you have in your mind a quite clear definition of what Knowledge Management means. Also that you will have a much better idea of both the strategic and operational benefits, that you can gain from implementing KM in your organisation. You will know what the pitfalls and the Critical Success Factors are, so that if any one of them are not attended to, it could fail. Equally, if you get it right, you could have a great success. Finally, I want to share with you a few frameworks that people use so that you can better implement KM. By framework, I mean something that is on one page where you can tie all the different aspects of your initiative to different components and see the different inter-relationships between them. I’m going to share with you the European Commission framework and the British Standards Institute’s framework and maybe one or two others.
Introductions

Your role...

Your familiarity with Knowledge Management...

Your objectives & expectations for today...
Introductions

KM Educator/presenter/writer
250+ events in 22 countries
Published papers & books

KM Consultant / Strategist
50+ engagements
Europe / USA / Asia

KM Solution Architect
Knowledger 4.0

Ron Young
Knowledge Associates are a technology and consulting business in the area of KM solutions. We are located here, at St John’s Innovation Centre and we are partially owned by St. John’s College, Cambridge. So here, we have the old economy investing in the new economy.
To provide you with an overview of what we will be exploring for the rest of today, is the right solution for KM and I just wanted to point out at this stage these 4 things. Any KM solution should have at least these 4 components.

The first component is education – it is what we are doing today. It is understanding what Knowledge Management is and why it’s important, why you should do it and what it means for you and your organisation.

The second key component of an effective solution is Consulting. Now this may be your own internal Consulting or you may bring in external Consultants to help you. Once you know what KM is and why, it’s important to know how to implement it and I’ve already suggested that there are People, Strategy, Technology, Process and Operational issues, which will need looking at. But normally in Consulting, a typical Consulting engagement should at least help the organisation determine what its KM Vision is and what KM means for them and to help the organisation identify the best way to do it, the best strategy and road map. The engagement should also help the organisation see where it is now and how ready it is. What sort of culture it has and whether it has the technologies and the literacy that is required.

The third component is then actually putting in the technologies and the processes to support the approach and strategy.

The fourth component is critical. It is the people and unless the people who are using this understand how to use it, understand why it is of benefit to them and the organisation, it will fail. KM is driven by the people that use it - we have now learned that, although it took us a long time.

KM requires all of these components and that’s what we’ll be exploring during the rest of the day.
In this session, we are going to look at two things. We are going to look at ‘Why Knowledge Management?’ is important and I want to share with you in this session a little of what’s going on in terms of workforce distribution around the world. I want to share with you what leading research organisations like Gartner are saying about what Knowledge Management means to the world. I also want to share what some of the leading organisations are saying about what Knowledge Management has meant to them and in particular the key benefits of Knowledge Management.

I want to then move into ‘What is Knowledge Management’ and in that session I am going to introduce the generations of Knowledge Management and there have been several. I want to discuss with you briefly the difference between Information and Knowledge so at least we are all using the word ‘Knowledge’ in the same way. I want to introduce to you the essence that’s been learnt through some of the theories, not least the value of knowledge, which we make ‘Explicit’ and knowledge which is within us which we call our ‘Tacit’ knowledge and how this all works together for Knowledge Management.

I then want to share with you the 9 steps of the KM process that every organisation, every process, every project and even every individual needs to go through for effective Knowledge Management and examples of that.

Finally, I want to share with you the latest state of the arts on knowledge measurements, Standards (particularly the British Standards Institute and the European Commission position) and how come organisations are starting to report on their Knowledge Assets.

This will take us up to lunch time.
I mentioned in the first session that we are in the Knowledge Era where more and more people today, are employed working in Information and Technology type issues and domains, than manual working. In fact, if you look around the world and you look at the distribution of the employed workforce, it’s quite interesting.

Let me take America to start off with. In America, 2.2% of the employed workforce is employed in agriculture. That’s not to say, as I said earlier, that we are eating less food. We are, in fact, eating much more food but we now have technologies that can do the work of people’s muscles better. The people who are working in agriculture are working in far more important, strategic, knowledge-based positions. We are not saying that 2.2% are still using their muscles. The 2.2% are working on the knowledge for agriculture and how technologies can help them do their job.

In America today, less than 20% (I believe the figure is 18.9%) of the employed workforce are employed in Industrial working where they are essentially doing manual things. Again, I put to you that that 18.9% are doing Knowledge-based work because it’s not that we are making less things. We are making far more things than ever before and moving far more things around the planet than ever before but technologies are allowing us to do it more effectively.

In America, the vast majority of the employed workforce, that is 70%, are employed in Information and Knowledge working. Most people are employed for their knowledge and information and knowledge-working. When I get the privilege of travelling around the world, I always ask people in the countries what they think and it’s very interesting.

Would anybody here, as we’re in the UK, like to have a guess as to the proportion of the workforce that is employed in the UK in Information and Knowledge-working.
AUDIENCE – I would say it’s higher than in the States.

RY – Okay, what’s your bid then?

AUDIENCE – I think 75%

RY – 75% okay.

AUDIENCE – I think it’s about 60-65%.

RY – Apparently, we are told that it is 67% but its just broad figures. Finland claim 80%. There are more knowledge workers employed against the entire workforce in Finland than anywhere else in the world.

When I was in Hong Kong recently, I heard figures banded from 35% to 55%. China and India would be very interesting. India has a vast population of over a billion people and it has an incredibly effective knowledge-working population in the area of computer software, accountants and lawyers. They are very good at it but as a percentage of the workforce it still is relatively low. So you can see that around the world there has been this major transition towards people being employed or self-employed. There is a major transition in the work contracts, but we’ll look at that later. We earn our livings and we create our wealth as knowledge workers.

Let me share with you what the leading researcher, Gartner says. I have got two statements, which I think are important to share.
Gartner say two things.

They said that by 2001, enterprises that lack ongoing KM programmes and infrastructure will lag KM-enabled competitors by between 30% and 40% in speed of deployment for new competitive programmes and products.

By 2003 more than half of Fortune 1000 companies will implement KM, and KM will be a mainstream business management practise among market leaders in all industries.”

Gartner Group
KM 1999 - 2004

Gartner say two things.

They said that by 2001, and that’s why I’ve put it on this slide, that in America, enterprises that lack ongoing KM programmes and infrastructure will lag KM-enabled competitors by between 30-40%, in terms of their speed of deployment for new competitive programs and products. The evidence is now in. I’m going to share with you in a moment those organisations that are KM-enabled. They are actually known as the ‘Most Admired Knowledge Enterprises’ in the world and they claim that they are far further ahead of their competitors that have not yet become KM-enabled.

The second thing they say about the future is that, by 2003, the Gartner Group feel that more than half of the Fortune 1000 Companies will implement KM. They are talking about US-based companies here. This is a US survey. They are saying that KM will become a mainstream Business Management practise amongst the leaders. So, here is a Gartner perspective. I’ll share with you in a moment some of the results.
Probably the most well-known quote in KM and the most quoted saying in KM comes from the Chief Executive, Lew Platt, of Hewlett Packard. What he said about KM was this: ‘If only HP knew what it knows, it would make 3 times more profit tomorrow’.

What he is saying here is quite fundamental. He is saying that, there is a lot of knowledge in HP but they have never had the means to be able to know what they know. He realised that HP are so dispersed, so fragmented and that they are changing every other day, that the organisation, just does not have the capability to know what it knows, but, if they did, they would make three times more profit because of cost reductions, increased efficiency and increased response. Here we are not talking about creating new knowledge, here we are just talking about what is known within the organisation and benefits of reusing existing knowledge.

So clearly there are some key benefits that Knowledge Management is bringing and let me just share some of the key benefits with you. There are many more, of course, but here are some of them.
I want to first dwell on the key benefits for organisations that are in the business of profit making.

Most organisations, today, will quite rightly say, especially in this climate, 'if KM can help us increase our sales or reduce our costs or make more profit then that is the benefit we want.' Unless KM can deliver these key benefits, many organisations feel that it’s just something nice to do in the future. However, in today’s climate, people are very interested in how to reduce costs, how to increase sales, how to create more profit and asking can KM help me do this?

In terms of increased sales, many organisations have now learned that effective KM can give them a far faster response time. They can respond to client/customer’s needs and requests much faster because they’ve got what they need or they can put together what they need much faster. Let’s take a simple example is a bid. If you are asked to make a proposal, a bid or a tender and you need to reinvent that thing, it is going to take much longer, than if you could pull out the relevant materials and templates that worked. This does not just apply to Sales, it applies to any situation, where you have to respond to your client or customer with a solution that requires knowledge.

As a result of Knowledge Management, we have learned that because the best knowledge is being applied, rather than individuals having to reinvent, continually make mistakes and needing learn, a far better quality solution is going to go out and this will have a major impact on increasing sales. Further increased sales will come about because, by implementing KM in the client/customer arena, this will bring about so much more market knowledge, enabling us to win more sales and spend less time running up the wrong alleys.
Increased sales have probably come about more than anything else because the organisations are now able to continuously improve themselves and continuously innovate. What we are finding in the world now, more and more, is that customers are saying that they would rather stay with an organisation that can continually demonstrate its ability to improve than what they just have to offer today. Organisations are getting increasingly fed up with shopping around just to find the best price for what’s available today. They would rather stick with somebody who continually improves and never lets them down or disappoints. That’s of more value to them than getting something slightly cheaper today. And this is what comes through KM.

Sales can, of course be increased by the sharing of opportunities. The number of opportunities that are missed or not exploited because people are not sharing is extraordinary. If organisations can manage these opportunities, the benefits will be enormous.

So those are some of the key benefits that organisations have claimed to have gained, in terms of increasing their sales through KM.

The other key area is how organisations can actually reduce their costs and the top one of the list, without any doubt, is not reinventing the wheel. So many large and small organisations are still reinventing.

There is another area for me, which is very interesting of how costs are reduced through KM. A lot of research has come in now of how much time it takes for people to get the right information and it really is staggering how much time people spend trying to find what they need. People can be far more productive if they can access the right information easier and faster and thereby, rapidly reducing the costs.

Exactly the same principle applies with the next point, which is time required to solve problems. There are 2 aspects to this, firstly, the duplicated time spent by people trying to solve a problem, that has already been solved elsewhere. Secondly, the amount of time saved, when solving new problems, whereby, a KM process and infrastructure will enable Knowledge workers to work together better and solve problems better.

So these are some very tangible benefits to increase sales and reduce costs. Our experience is that organisations may just pick one of these when undertaking KM. They may want to either increase sales or just reduce costs.

The other key benefit, which is not immediate today but is a very important benefit for the future is how KM helps organisations to better develop their people. KM can enables people to learn faster, develop their competencies faster and be more creative and, after all, this is what the essence of what people should be - to be more competent, more confident and more creative. Machines can’t actually do that. Remember during the agricultural and the industrial era, we saw the shift from employing people to putting technology in because it can do it better. The disadvantage of technology is that it cannot learn and create new ideas in the way that human beings can. That’s the essence of knowledge working and technology can support it very well.

Of course, people are scarce resources and good knowledge workers are even scarcer resources. If we can better the people, know who they, contact and locate the experts, then we are making far better use of those scarce resources in our organisation.

Ok so there are some of the key benefits and we have heard at least what some people are saying about this. Let’s just have a look at who is doing KM well and where it started.
It’s no surprise that among the pioneers of KM, are the Consulting firms. The Consulting firms were the first organisations that seized on KM. Why is this? Well because Knowledge is their business. I think it’s easier for a Consulting firm to justify KM than any other firm. Consulting firms are as good as their knowledge and their ability to provide advice and assistance to their clients.

So all of the key Consulting firms implement KM. I have mentioned just a few here that we have worked with or that we know well, particularly the Big Five. This was the days when we had Price Waterhouse and Coopers and Lybrand as separate companies. Now it’s Price Waterhouse Coopers and they have a big challenge of trying to get the two global KM systems to work together.

So there is no surprise that the Consulting firms were amongst the pioneers but who is doing it well today? Well every year there is a survey conducted globally which is called the Most Admired Knowledge Enterprises survey (MAKE). This survey looks at companies from 8 Business performance measures criteria, not KM but Business performance. They publish the results every year. Let me just share the results with you. If you are interested in more depth you can go to the website.
It’s called the Most Admired Knowledge Enterprises Survey. The Web link is here on the slide. Here we are showing the top 20 and their positioning over the last few years so you can see organisations are moving.

These results are for July 2001. The results for July 2002 are starting to emerge but we have still got a few months to go yet. General Electric are number one. They were number two last year and they popped in from 14 to 11 to 2. Hewlett Packard are number 2. Buckman Laboratories were actually number 1 last year but have dropped to number 3 this year. The World Bank came in from number 10, last year, straight into number 4. Microsoft have jumped in at number 5. BP from the UK is in at number 6, jumping up from number 16. Siemens in Germany has leapt up. Skandia in Sweden is leaping up. McKinsey have jumped in from nowhere. They weren’t even players in the last few years and they have suddenly jumped into number 9.

The rest of the list you can see and it gives you a perspective on those who are doing it the best around the world according to these 8 performance criteria. I can share with you that this year rumour has it that jumping into the top 10 is Nokia. It’s quite noticeable how we have got quite a strong US presence there, some European presence there and also a Japanese entry. Broadly the organisations are measured against all of the key criteria of KM and also the process which I am going to describe to you shortly – the 9 steps.
A lot of people want to see evidence of return on investment if they are to invest on KM and there are now over 100 documented cases, which will provide this evidence. I would point you to Gartner more than anybody else as they are publicly available at no cost on their website.

Another source, which I think is quite good, is from Waite & Company. They have a book called ‘Beyond Expectations’ where they have 100 documented companies in there. Three of companies on this slide come from the book. The fourth has been added as a result of a conference that I was chairing in London, where BT presented how they saved £85 million with their KM system, last year. I haven’t heard of anything that high before. £65 million of the £85 million was for one thing. In BT they have a system they have been operating for two years called ‘BT Ideas’. Every employee in BT is encouraged to put their ideas in and then it goes through a process to filter out good ideas and take them to innovative products and services. There is an agreed reward as well. In BT, they will pay up to £30,000 per person if the good idea turns into a good business idea with a return on investment. BT have a newsletter that’s published every month and at the end of the newsletter on the back page, you will quite typically see a picture of somebody awarded a cheque for something that’s turned into a good idea. One person in BT found out how they could offer their Internet services and their telephony services without having to do what they thought they had to do by digging up cables and infrastructure and that one idea saved them £65 million. The other £20 million was other savings. So I think that was a good £30,000, invested by BT!

The point I would also like to make is that although the evidence is in for returns on investment and for organisations having done it effectively, we shouldn’t just look at the bottom line in making the case for KM. There are other human issues as well.

Again, from the conference, I was inspired by Unipart who said; ‘Yes this is good but the culture of problem-solving is valued higher than counting numbers in Unipart. We don’t always have to show a return on investment in terms of numbers and we must not forget that.’
Unipart said the culture that they have developed now in solving problems is valued so much higher than proving numbers.

So that is just building a little bit more on ‘Why KM?’ I think we are starting to see now that the evidence is in that it’s maturing and we have got some good reference points.

What we now need to do is take a look in more detail at what we mean by KM. I have been focussing on the rather big picture and ‘Why’, but let’s take a look now at some of the definitions, the process and what other people say KM is today.
I now want to talk in some depth about what Knowledge Management is and some of the theory behind it. Although it is certainly not essential to understand the theory, I think it’s very important to have a sufficient level of understanding of how and why this all works.
Generations of KM

- 1st Generation – ICT/Web based Systems
- 2nd Generation – Collaborative Communities
- 3rd Generation – KM Enabled Processes
- 4th Generation – Strategic Enterprise KM
- 5th Generation – Inter-Organisation KM
- 6th Generation – Personal KM

Probably the first thing to share with you is what we call the generations of KM, and there have been several generations since the late 1980’s. We have identified six generations. Some KM practitioners say we have now reached the third or fourth generation.

By the way, although I am about to discuss six generations, many organisations have yet to discover and benefit from these early generations. There is even some merit in considering these generations as ‘phases’ that organisations need to go through, in order to, mature to being effective knowledge driven enterprises.

The first generation of Knowledge Management really started in the late 1980’s/early 1990’s, and took us up to the mid-nineties. This first generation was really as a result of the introduction of two technologies, first Lotus Notes Groupware and, secondly, the World Wide Web. The World Wide Web has enabled people to work together as virtual teams on a global and cost effective basis and also enable people to be more mobile as they now have the ability to be connected at all times. These emerging technologies, for the first time, allowed for cost effective knowledge sharing with a global reach. Generation 1 was very technology driven and this generation contributed, more than any thing else, to the better capturing, storing, codifying, reusing, and application of shared best practises. People were able to search databases to find if the same problem had been solved elsewhere and for solution to be codified in the organisation. Or, if they couldn’t find what they wanted in codified form, they could then try to connect to a list of experts, a directory of experts, who might have the knowledge and be able to provide the answers. I think you would agree that this is a good valid contribution to knowledge sharing.

The second generation of KM followed rapidly and started to happen in a big way in the mid nineties, and was far more concerned with people and culture. Not surprisingly, we learned from the first generation, that it takes far more than simply rolling out communication and collaboration technologies to get people to actually want to communicate and collaborate. It was also, in fact, a reaction to the very intense IT initiative, and quite often you would hear
the Human Resource people saying “it’s far more than technology, it’s about people and the way people learn and the way people share and the way people collaborate”.

And so, in the second generation of KM we saw a lot more developments going on in understanding the processes of collaboration and teamwork – both face-to-face and virtual and cross functional. But in particular we saw the birth of, and the recognition of, the importance of naturally flourishing ‘communities’ and how they can accelerate knowledge creation and knowledge transfer. We are going to look at communities in more detail in a moment. We will examine what we now commonly call, in Knowledge Management circles, Communities of Interest, Communities of Practice, and even, Communities of Passion and Fun. The key point here is that communities are not the same as formal functional or process teams. Their value is in their informality, as a natural community, or network. It is their underlying power to be able to foster environments that enable us to create, share, harvest and apply knowledge so much faster and better.

However, by simply rolling out the technologies and recognising the power of natural communities, this was still not enough to make KM happen. We realised that we needed to connect the people and technologies together effectively, by introducing KM processes for developing and leveraging knowledge. Furthermore, these new KM processes need to be embedded in all the key business processes where knowledge was critical. (If you think about it, you very quickly conclude that all strategic and most operational processes in an organisation are knowledge intensive). The Third generation of KM is characterised by ‘KM-enabled processes’.

Therefore, in addition to the IT approach to KM of codification for re-use, and the Humanistic approach to KM for people and communities, we then saw some new KM processes - how to better capture the new learnings and ideas, how to better collaborate, how to actually harvest the learnings and ideas continuously, how to develop both better experts and better codified knowledge, how to measure the effectiveness of implementing the KM processes, and so on. And BP was the first organisation that we’re certainly aware of, that has KM enabled every one of their key business processes this way. This is the KM process I am going to outline to you and it contains 9 steps. You can also KM enable each of your projects, as well as processes. To my mind, KM really starts to become effective from Generation 3. KM systems based on Generation 1 or 2, alone and/or together, fail. Generation 3 creates the critical fusion of people, process and technology and this is the essence of true KM!

The fourth generation, ‘Strategic Enterprise KM’ is still very much in its infancy, successfully implemented in only a handful of Organisations around the world. But if I am to give you a state of the art, some organisations have even moved beyond Generation 4. And I think you’ll agree with me that when you can get to that stage it can make a major difference to the Organisation. Generation 4 is when you have not just KM enabled the processes and projects, but when you are working with ‘integrating the enterprise as a whole’, and integrating all of the separate KM initiatives into one enterprise wide initiative. This is the holy grail of KM – the Corporate Nirvana - trying to get the Organisation, as a whole, acting together better as one. This is where the power of ‘collective knowledge’ takes on a whole new meaning.

In Generation 4 we are looking at knowledge more strategically. We are looking at how the strategic usage of knowledge can even transform the business we are in. I’ll give you one example here: I was working in Hong Kong with one of the major container port companies. And for many years they have had the best container port operation, they’re number one in the market. They can receive a container, unload the container, or load a container, get it onto a ship, and get it out faster and better than any one else. Their knowledge of logistics associated with containers, is world class. And it’s an incredible operation to watch. I have been told that if a container is loaded on to a ship, and a ship goes out just 15 minutes late,
that to get to its next destination on time, it has to burn twice the fuel to catch up the speed. And that is a lot of money for a 15 minute delay.

Container port logistics is like air traffic control – it’s mission critical. You have to move things in and out on time. But, over the last five years the ports of Singapore and mainland China, have become increasingly competitive. By thinking strategically, the organisation said “Well, what is our best knowledge today? It’s logistics. What knowledge do we need to be best at creating and applying in the future if we want to retain our competitive edge”. And they realised, that for the future, they needed to know, not just how to best move containers, because others will probably compete as well. But they needed to transform the business by seeking critical knowledge on what’s inside the container, where it came from, why do people put things in the containers in the first place? What do they need? And they’ve shifted their whole emphasis, strategically, towards customer focused knowledge, as well as their operational/logistics knowledge.

That’s not saying that they are ignoring the operation, it’s saying that there is a strategic transformation of the enterprise. And they’ve developed a KM strategy appropriately.

Some organisations have mastered Strategic Enterprise KM. And I would suggest to you that probably the leaders here, the exemplars, are the big 5 consulting firms. They have implemented Global KM Systems right across the organisations, dealing with up to, in one case, PricewaterhouseCoopers, 140,000 consultants.

The fifth generation, ‘Inter-Organisational KM’, as the name suggests, is actually going beyond the organisation. When Organisations first start KM initiatives they say, quite naturally, “lets see if we can manage our own knowledge first”, and that’s a big task in itself. But once they understand the principles, and have the KM processes and technologies in place, you can see how relatively easy it is to extend that to your customers, to your partners, to your networks, to your suppliers and, even, your competitors. Gartner Research Group say that the major benefits of KM comes when you go Inter-Organisation.

And recently we’ve observed, and I’m very glad to see this, another generation, which is rapidly gathering speed. Generation 6 is ‘Personal KM’. This is the simple recognition, that we cannot possibly have effective Organisational Knowledge Management if individuals are bad at managing their own knowledge. It’s impossible. Think about it!

You can, of course, make a KM intervention at an organisational level, and you can do great things that will improve and justify it. But if you really want to get to that stage where we are optimising the learning, creating, harvesting and applying of knowledge right across the organisation, you have to include this final dimension. There’s been a lot of work going on recently in personal knowledge management.

Audience: Shouldn’t that have been the first on the list?

With the benefit of hindsight, it certainly should have been the first, but it took several years of working with knowledge, at all levels, to make this realisation.

Well, they are the six generations, or dimensions of Knowledge Management that we have identified and, as I say, different people are at different levels, but broadly speaking, that’s the state of the art.
The Knowledge Spectrum

→ Data

→ Information

→ Knowledge

→ Wisdom

Let's have a look now at knowledge, types of knowledge and the KM Process. First of all let me introduce to you what we call the Knowledge Spectrum. What this is really saying is that we need to consider and be quite clear in our own minds, what we mean by information or knowledge.

Or, as this spectrum suggests, data, information, knowledge and wisdom. It’s a spectrum. It’s not something that’s saying data finishes and information starts at a certain point; it’s a spectrum of complexity. For example, if I were to simply say to you these numbers: 2197AT4, what does that mean to you? Basically, we would call that data. If it’s meaningless, if you cannot link it to something meaningful, it has no structure, if it has no context, that would be our definition of data.

Data processing is about processing strings of numbers and letters. Data is unorganised information. You had a crack only because you tried to link it to something similar. If I were to say to you: 9301 1130 AF200 Paris, London. What would that mean to you? Flights. It still is numbers, it still is letters, but I’ve put a little structure to it, and there was a bit of a context, and you were able to take that. Information is organised data.

Data is just numbers and letters. Information has meaning to the user, providing that structure means something. Therefore, flight timetables, reports, e-mails etc are information. You’ve got structure and meaning and context. Knowledge, in Knowledge Management terms, is only in the heads of people. It’s the result of our life long learnings, experiences, ideas, intuitions, values and beliefs.
That whole collective mass is our knowledge, it’s up here. And I’ll show you the relationship in KM terms between knowledge and information in a moment. So the distinction, when we talk about knowledge, is that we talk about what is in our heads. We might codify it and share it with others, but then it becomes information for others to absorb and turn into their knowledge. That’s the distinction I want to make with this seminar, when we talk about information as knowledge assets. I’m going to build on that in a moment.

It’s outside my scope to say what wisdom is, in this Knowledge Management Seminar, but would any one like to volunteer, for a bit of fun, what they think wisdom might be?

**Audience:** It’s the extraordinary collection of random knowledge.

**RY:** A good start.

**Audience:** Inspiration?

**Audience:** The older generation have been around for a very long time, and they have learnt a lot through life, and we don’t listen to them at all.

Ok, your perspective is that wisdom comes with age, it’s a thing over time.

There are various interpretations of wisdom and I’m not going to pretend to give a definitive answer. I think you would agree that there’s a spectrum here. There’s a lot of data out in the universe – disorganised and it’s in bits and pieces. When it becomes organised and structured, we would call that information. If that was Japanese, and it was all structured and put into a Japanese form, it would probably still be data to you, unless, of course, you understood Japanese, or you could recognise the structure. So my point is that what data is to one person could be information to another.

By increasing the complexity further, knowledge is when we take the information and we develop this into our knowledge. A definition of learning is that, learning is turning information into knowledge. It’s a simple definition but it’s quite useful for our purposes. Knowledge is in our heads for the purposes of today and you might say that wisdom goes beyond that. Some people say to me in conferences and briefings that wisdom is mega knowledge.

I would also say that wisdom is the flexibility of knowledge. I think wisdom is when you can walk away from what you thought of as knowledge and turn it into new knowledge.

Or you can look at it another way - you can take knowledge from one area and bring it across to another so there’s flexibility there. Some people say wisdom comes with age, some people say it is what we make it.
I want to share with you what was a landmark theory from two Japanese Professors. They are called Nonaka and Takeuchi and they wrote a book called ‘The Knowledge Creating Company’. Their book is probably the only new book in the latter part of the 20th century that has said anything new about organisational knowledge creation. I just want to give you the essence of that, so you can see how this works within KM processes before I leave processes.

They decided to categorise knowledge into two areas, the tacit knowledge that’s within us, and the knowledge we make explicit which becomes information. So we’ve all got a lot of information in this room. They would call it tacit knowledge. It’s within us. As soon as we attempt to make our knowledge explicit, by communicating with somebody, like I’m doing now, or writing an email, or giving a PowerPoint presentation. Then we are making that knowledge explicit, which in turn becomes, to the people who are receiving it, information.
So, let me give you another analogy, Leif Edvinsson from Skandia, Sweden, teaches this in terms of icebergs. And he says, “If you think about icebergs, it’s rather like knowledge in a human being. The tiny little bit of the iceberg that appears, that we can all see, is the explicit knowledge. If you know anything about icebergs, you know that the majority of the iceberg is submerged. This is like human knowledge.

I’m speaking now, but when I’m speaking, it’s only a tiny, tiny bit of what’s inside of me. And what’s far deeper is the tacit knowledge that Nonaka and Takeuchi referred to - the really valuable knowledge inside us. We can never make all of our tacit knowledge explicit. It is physically impossible. You haven’t got enough time in your life to do it. Even if you are a new born baby that can write. What I am showing up here is how we can accelerate our knowledge from one to another.

First we have to understand the theory. The explicit knowledge we can see and the tacit knowledge that is not communicated. So let’s imagine there are two people or, in our analogy, two icebergs, that want to communicate knowledge to each other and one person wants to transfer their knowledge to the other as fast as possible.

But what actually happens, typically, is this: I have some tacit knowledge, like today, I make it explicit, in a power point presentation, verbally, and I communicate it to you, and there you are sitting there receiving it. What is my knowledge? It’s information to you. You will decide from what I am saying, what is of value to you, if it’s of interest to you. And if it’s not, you will filter it out. If what you hear, as the receiver, that it is of interest to you and/or some value to you, you will filter it in, synthesise it and you will analyse it. This all going on subconsciously and you will add this to your knowledge base. Your knowledge base is a mass of connections.
The big difference between knowledge and information is that it is a big interconnected series of links. We store the links and we then get to these links. So typically, Nonaka and Takeuchi tell us that when two people try to communicate and transfer knowledge, the tacit turns into explicit, and if you can’t make it explicit, the other person can’t understand you. You then communicate it to somebody who receives it, and depending on his or her knowledge, you will deal with it accordingly. But if you are listening, and you know exactly what I’m saying and can do it better, then you won’t filter it out or in, as it hasn’t really added to your body of knowledge. It’s just confirmed what you already know.

This is fine, but the problem with this is that as soon you make your tacit knowledge explicit, you lose some of it. It is impossible to richly communicate all of your tacit knowledge in an explicit way. I hope I’m not sounding too technical. As soon as you turn your knowledge into words, the English language becomes inadequate. No language on earth is able to capture richly enough to convey all your knowledge and something is always usually lost. Apparently the advanced language with the best structure for that is Sanscript.

If I were to communicate this to you in e-mail, it would be even worse. You would probably misunderstand it. This is what we call very thin communication. This explicit to explicit transfer of knowledge is thin. Rich communications occurs when there is a way to transfer this rich, deep, submerged knowledge. Rich communications does happen and wherever we can actually encourage, foster, or make this happen, we get a more rapid transfer, that is deeper, richer, and overall, a better transfer of tacit knowledge.

What we’ve learnt in Knowledge Management, and this is the first thing that it has brought to us, is that if we could accelerate the rate of knowledge transfer around a large multinational by just two or three percent, it would have a staggering effect on its performance. If you can accelerate the knowledge transfer rate around any size organisation, it’s going to obviously improve the performance.

So, Nonaka and Takeuchi, started to challenge this by saying “Is there a way we can do this?” and they came up with a theory which I will share with you in a second. Part of that theory was the recognition that the richer the communications are, the faster it transfers. So let me give you an example of that. I’ve given you an example of thin communication - email. Rich communication could be a movie. If a movie has a particular message, it’s more likely to transferred and be retained by the audience. This is because you’re more likely to get the right message, as it is engaging all of your senses. It’s not just what you see and read, but it’s what you feel and hear. Email, however, does not have the same effect, as an email can evoke feelings and create email rage.
The richer you can engage all the senses, the faster it transfers. We have learnt that rich communications comes from story telling because people are wired for pictures and stories. If you can actually use the techniques of story telling in your KM Processes, then you’re more likely to get people to absorb the knowledge faster and retain it, because it engages all of our senses.

A good storyteller engages your imagination and it engages your feelings. A good storyteller, will not only provide you with facts and figures and if they use humour, in particular, they will be able to engage another side of you. And so Nonaka and Takeuchi were the first to point out to us some basic principles of Knowledge Management. And, if we can develop processes and technologies to enable this to happen more, or even just change our behaviours, then we’re more likely to be even more effective.
Nonaka and Takeuchi came up with what they called “The Four Modes of Knowledge Transfer”. Nonaka and Takeuchi say that every human being at work is enacting all these four modes, all the time. But predominantly, at any one time you’re in one mode more so, than the others.

This is commonly known as the SECI model. It’s called the SECI model because the ‘S’ stands for Socialisation, ‘E’ stands for Externalisation, ‘C’ stands for Combination and ‘I’ stands for Internalisation. Let’s look at each mode in a bit more detail. In the first mode, externalisation - we have a lot of tacit knowledge, and we’re making bits of it explicit – we’re externalising it. And here is a picture of a doctor who has a vast amount of tacit knowledge and he is writing a prescription as a result of analysing a patient’s problems and symptoms.

The second mode shows the opposite situation - Internalisation. Instead of tacit to explicit, it’s explicit to tacit. Let’s say that you have received some information; it might be from the internet, as this picture is showing, or that you are reading an email or report. This explicit knowledge, which is information to the receiver, is being internalised, and through learning, it is turned into knowledge, where appropriate – tacit knowledge.

Perhaps the other two modes are not so well known. Combination, is where you are actually combine both these two modes, externalisation and internalisation, at the same time rapidly. There’s a bit of tacit to explicit and explicit to tacit. Here is an example of somebody presenting something and people absorbing. Then it might go into another stage, where the audience asks a question or puts forward a view and the presenter is absorbing. In this situation you are switching between the two modes.
The final one is what they call tacit to tacit socialisation, where there’s a high level of interactivity, where it’s not just happening in phases but more of a two-way interaction. This is what collaborative teams do, whereby they may have a forum, discussion, and interactive debate. They call it socialisation because we can identify more with it, when we’re socialising in a social situation.

The point that they’re making here is that more tacit to tacit knowledge we can get out, and remember I said that’s the key, the better. If you look at the four modes, tacit to explicit, externalisation, explicit to explicit, combination, explicit to tacit, internalisation, tacit to tacit, socialisation. All these modes are critical in our work, as a knowledge worker. But what Nonaka and Takeuchi have recognised, is that more knowledge comes about with socialisation, collaboration and interaction.

More tacit knowledge is captured in social situations, for example, in Japan, a lot of this happens in the Karaoke bars, in England, a lot of this happens in the pubs, in France, it’s coffee houses, in Scandinavia, it’s in the sauna and in America they say that all of this happens around the water cooler. All that we’re saying is that we recognize that most of this happens, in our knowledge work, where there is socialisation, interaction and collaboration. This was the basis that has led us to the recognition that, in the knowledge era, collaboration is the key component for creation and transferring knowledge.

What they are saying is that this is occurring all the time and we now know better ways of how to encourage aspects of knowledge transfer. They have also recognised that when all these things happen in the right way, and if knowledge working within the organisation is designed the right way, then something very incredible happens – ‘knowledge amplification’. The knowledge around the organisation amplifies in an extraordinary way.

If you really want to know how that happens and how that works, you will need to read the book. For now, if you will, please accept the theory, which was the landmark part of the book. We now know how to amplify and accelerate knowledge creation and transfer and this theory was the basis for developing processes, strategies, methods, tools and technologies to build on that theory.

Really, this is nothing new, it’s something that’s been going on for many years. But, basically, we need to know how to handle it and how to use it effectively. It’s something that we knew intuitively, but now we know how it works.

Enough of the theory. I hope that I have at least touched on the theory enough for you to feel that there is substance and theory behind KM. It’s not just a fact. There is theory – a landmark theory, where new tools and technologies are increasingly being built to understand and capitalise on this phenomena - that of more rapid knowledge amplification and transfer.
Let’s go down to the business world, and let me share with you what other companies have said KM means to them. And it would be interesting to see if there are any you associate with, or even violently object with, or you have some other ideas. Let’s first start with this one.

So BP, Sir John Browne. He said two things. The first thing he said is, “Anyone in the organisation who is not directly accountable for making a profit should be involved in creating and distributing knowledge that the company can use to make a profit.”

What he was saying was, in the case of BP, KM means that you’re either creating profit or creating knowledge to create profit, but knowledge underpins everything you do.

That’s his key message. Let me just add his second statement, because he goes on and says…
Most activities or tasks are not one-time events. Whether it’s drilling a well or conducting a transaction at a service station, we do the same things repeatedly. Our philosophy is fairly simple: every time we do something again, we should do it better than the last time.


“Most activities or tasks are not one time events. Whether it’s drilling a well, or conducting a transaction at a service station, we do the same things repetitively. Our philosophy is fairly simple. Every time we do something again, we should do it better than the last time”.

No rocket science there; common sense, but not common practice. KM to BP means that they have now embedded in every single business process, activity and project, the KM process that I am going to outline to you now, where there is less chance of ever making the same mistake again and where there is more chance that they’re going to do it better each time. That’s the philosophy. That’s what KM means to BP.

So, you’re either creating value or profit, or creating knowledge to make value or profit, or you’re making sure that everything you do, you are doing better than the last time, if it’s something you’re repeating and learning by. You might link that to quality and quality improvement. It really doesn’t matter what we call it. The focus is on the knowledge worker and how the knowledge worker can continually do things better than last time and not to repeat mistakes.

That’s BP. Let me give you one or two others and then I’ll ask you your views. So remember those two.
“The capabilities by which communities within an organisation capture the knowledge that is critical to them, constantly improve it and make it available in the most effective manner to those who need it, so that they can exploit it creatively to add value as a normal part of their work.”

And I draw your attention to a few words in this one. First of all they talk about communities. Communities to them are both formal and informal networks, inside and outside of the company, they’re all there. They also say that it’s not about capturing every piece of knowledge in the organisation. That’s not what KM is there for. It’s only the critical stuff. That implies that they’ve identified what’s critical and if you don’t know what is the critical knowledge, it makes a real difference. Just like I was talking about the container company. You have to ask what the organisation’s knowledge areas are, what knowledge is so critical, that if we really could improve that, it would make a big difference. Forget all the small differences, let’s just go on the 80-20 rule. If we can just get that 20% that’s going to make a big difference, then we focus on that. That’s what they’re saying.

They also say ‘constantly improve’, just like John Browne. So they’ve got the identified where to capture knowledge, identified what critical knowledge and they’ve got the process bit. They then say, get it to the people in the most effective manner and what I rather like in this one as well, is that they say they can exploit it creatively. It’s not a robotic thing where everyone has got to read from a checklist, and apply precisely what’s coded. That is not what they’re saying. What they are saying is to use the knowledge as a starting point, and then exploit it yourself, as a human being, to creatively to add value.
"Knowledge Management is the new discipline of enabling individuals, teams and entire organisations to collectively and systematically create, share and apply knowledge, to better achieve their objectives."

A definition that we've used, which is very common in the KM Industry, looks at KM from another perspective. It's "the new discipline of enabling individuals, teams and entire organisations to collectively and systematically to create, share and apply knowledge to achieve the objectives."
And for those who take the view that knowledge is an asset, let’s look at the knowledge assets of the organisation and there’s a knowledge asset century perspective, and they say “the purpose of KM is to help organisations as a whole, to better create new knowledge assets, which implies identifying them first.” This involves leveraging them, managing them and measuring them, so that they can be exploited profitably, thereby, making a profit for your company. This is a whole perspective of profitable management and exploitation of knowledge assets.

So there are a few definitions that organisations are using. Let me just ask you now, do any of those resonate with you? Do any of these appeal to you more than others? Do any of these horrify you or do you just agree. Or do you have any other views?

Audience: I have the view that the knowledge that I have should be shared with the customer, to make the customers more profitable.

RY: Looking at it from a customer focus - as you say, it should add value. And the adding value was GlaxoSmithKline.

Audience: A key issue to me is how individuals can better capture their knowledge in the first place.

RY: Because a lot of the emphasis seems to be on how you share the knowledge, but capture within GlaxoSmithKline is core, and most people fail to put sufficient emphases on this and indeed it raises issues on how they are rewarded for capturing it in the first place. Fortunately GlaxoSmithKline lynch in the word capture, but the key is how you capture it effectively and broadly speaking more people within KM initiatives either ignore or don’t realise the importance of that and think more of the next stage, sharing. In a moment, we’re going to look at the nine steps which you’ll be glad to know capture this key step.
Audience: For me it was to focus on the critical knowledge, which will make that big, big difference to the company.

RY: Which again was GlaxoSmithKline. Again going back to the 20-80 rule. It is a common weakness within organisations that individuals are frightened to share knowledge because they think it would weaken their position rather than strengthen their position. We’ll look at the human side of that after lunch, as in why don’t we share and why should we share.

The quote also takes into account the non profit making organisation as it simply says adding value is a normal part of their work, so if you’re a doctor, nurse, dustman or whatever in the public sector, it’s still implying that you are adding value. It is getting at how this adds value to what I do?

Audience: You picked out the word creative. It’s so true. People of all levels want to make a contribution. It doesn’t matter what your work is, but if you make a contribution to help improve profit, that’s rewarding in itself. It’s not that you don’t want to work, it’s just that you want to do worthwhile creative work.

RY: Yes, and I think that’s the essence of it and even more so, I think that’s going to be the key criteria of people’s attractions to organisations whether they are working fully with them or as a portfolio it’s going to be organisations that’s going to allow that creativity.

I’ve described what other people say KM means to them and I can point you in the bibliography to many other references of what KM means to other organisations. In a moment I will outline a book that does that very well. What I want to do now is to introduce the KM process that attempts to capture the theory and all that we’ve been talking about so far, so that this is more likely to happen in the organisation. We can then look at the technologies that have been designed to enable the KM process.
Let me now introduce you to what they call the KM process. In the KM community, broadly speaking, everybody agrees on the steps of the KM processes. Some have a few more steps than this, some have a few less. But we feel that these nine steps encapsulate the key critical steps of Knowledge Management. And this process is something that you can consider for the entire organisation, or your department or business unit, or a process just for your team, or even for yourself as an individual.

It is a scalable process. You can apply it at any level you want to. At the moment I’m going to start off applying it to the organisation. Broadly speaking, this is saying, that for KM to occur, in order to more effectively capture, harvest and re-use our knowledge, we need any system to support it to do this.

The first critical thing is that we have to be able to effectively capture and capture the learnings and ideas, which is the harvest in the knowledge company. It is not just the capture of information - this is where there’s a huge misunderstanding of Knowledge Management. A lot of people think that as long as we store every document, and scan every document and have a great search engine, then we’ve got Knowledge Management. No you haven’t, you’ve got information management.

Knowledge Management is about the learnings and the ideas and the need to improve the knowledge. So we’ll look at these each of these steps in a moment. But capture is the first thing. Once we’ve captured, we’ve got to be able to effectively store them. We usually capture them in our heads, but sometimes that’s not the most effective way to store them. And sometimes technology can store these things better than perhaps our memories. Though I take the point about short and long term memory, we still need to support that using some technologies. We will then be able to, in step three, to share what we capture.
So we can see that capturing, storing and sharing, are critical. They are pre-requisites to Knowledge Management. But these first three steps are really information management. If we able to capture them and store them in a computer, and share them, then this is fantastic, and modern technology enables us all to do that, right around the world, cheaply. But it isn’t what I would call Knowledge Management, although it is the beginning.

When we get to step four and beyond, we start to get more into the realms of Knowledge Management. So far we’ve captured, we’ve stored it, we can share it, people can look at it, and in fact, if you think about it, you can do all of these things with a website, with an intranet, or even with an e-mail or databases.

If you’re capturing learnings, if you’re capturing ideas, if you’re capturing insight, as they occur, they are really valuable fruits of the knowledge organisation. Then we’ve learned that if people start to collaborate and work together, they’re not only going to create a lot more of these, but they’re actually going to turn these learnings and ideas into even better learnings and ideas. Because we’ve learned in KM, that having ideas about ideas and learnings about learnings, is sometimes more powerful, than just the original learning and the original idea.

Does that make sense? If people were able to discuss ideas, let’s take BT as an example. The engineer put an idea in. He didn’t have the complete idea for say 65 million, but he had an idea and he put it in. And then his colleagues were working with him and discussing it and it turned into the initiative product that they offer. That’s a collaborative exercise. So there are two angles where collaboration is important.

One is the recognition to discuss these learnings and ideas, and not just to put them in as an electronic suggestion, but to move them into the next stage. The other one is the recognition that this very process itself creates new learnings and ideas faster and better, than people working as individuals. I will give you an example immediately after lunch about that.

Step five is the recognition, that in the KM process, we need to have the process, or processes that will harvest all of this, in a meaningful way, periodically, and do something with this so that we can create two things. We can create where appropriate, and improve our explicit knowledge, in our databases, what is commonly known as best practices, best ways of doing things, best knowledge, by codification, and we can create better experts, with faster learning and increased competences.

So the harvest has two things in mind; rapidly developing the tacit (Best eXperts) and rapidly developing the explicit knowledge (Best eKnowle dge). The claim has been that before Knowledge Management, people were in some way doing some of this, but not too many people were doing this, to take it to this next stage, where you can measure. The argument here, is that you can measure? I know at the beginning I said should we measure and can we measure? In the KM process, it has been recognised that you can measure the effectiveness of this process.

And finally in the KM process, we have to be very conscious of the need to continually maintain the knowledge bases, otherwise, particularly, with the codified knowledge, the database becomes full of irrelevant rubbish. This is content management or life cycles of knowledge. For example, some knowledge is valuable in the financial services industry for two months. Some knowledge is valuable in the aerospace industry for ten years. But Knowledge Management is recognising and maintaining and improving and archiving, so that when people refer to the best experts, and to the best knowledge, they are more likely to be exposed to what is relevant.

Let me make the point that we have not mastered this process and we don’t yet know the best ways of doing all these things. KM is at the stage where we have some extremely good
techniques, methods and tools today that make a major impact if people apply all of these things. This is an evolving thing, though, and I think over the next 10 years we will see even better techniques, even better ideas, even better processes and technology to support this process.
So that’s the process, and I want to take each of those steps in a little more detail and then ask you if you’ve got any questions or concerns.

Very quickly, let’s look at the first three steps; Capture, Store and Share Learnings and Ideas. What’s been recognized, and I think we would all agree with this, is that in any organisation, whatever its purpose is, new learnings are occurring and new ideas are popping up everywhere. The key thing is to be able to effectively do this and capture them, and this is where technology plays a part. If you can capture them as part of the work you’re doing, wherever you’re doing it: whether it’s on a project, whether it’s in a process, whether it’s for a special assignment, as part of what you’re doing, then we’re starting to move more effectively into the KM sideline.

What’s been recognised here, particularly by the work done by BP and Shell, is that you’ve got to be able to capture these things before the event, during the event, and after the event. There’s a great book by the way, it’s called “Learning to Fly” and it’s the BP story about doing this. How they captured before, during and after. Now every time there’s a project in BP, and these projects could be millions and millions of pounds worth, they might sit down and say, “What have you learnt from this?” BP understands, that if they are actually repeating the same mistakes again in BP, then it could prove to be a very expensive business.

In consulting terms, we might do a project which is of high value, and if we take the time, we might capture after the event, what did we did right, what did we do wrong and what might we do better next time? They recognised that they were bad at doing this, so they started first of all, by capturing more formally, after every event. And I’ll show you the technique they applied, in a moment, what is commonly called an ‘After Action Review’.
But then they recognised that there were a lot of learnings and ideas generated that they lost after the event. And they realised that they had to make sure that could better capture them during the event. Their knowledge harvesting process actually involved extracting as they conducted their projects. They don’t just wait until the end of the project, and say what did we learn here?, but what have we learnt during the project as well.

Their view is what are we learning today? What are we learning this week? and their project managers started to have to conduct these reviews weekly in capturing the ideas and learning. They recognised that human beings could not remember all of the valuable learnings and ideas that occurred in the project, at the end of a project and only a few were captured. However, they then learned, that capturing at ideas and learnings during and at the end of the project, they were still missing a big trick.

They realised that a lot of learnings and ideas occur even before you start doing the job and so they conducted a review before a project. What they actually do in BP, as an example, is if they have a project over a certain value, they will fly or bring in the people, who have done a similar project to this project, to spend two days with them, so they can learn before the event. Now clearly, if you’ve got a project that is worth £10,000, and it cost £20,000 to fly people in, then you don’t do it. But if you’re BP, and there’s a lot of money at stake, flying in people to share how they did a similar project, which may not be necessarily the same and spending two days to build relationships, team experts, and learning how to do it, is not a wasted cost.

The consulting firms have also picked up on this as well, and it’s now the case in certain consulting firms.

It’s the same in IBM. If a project is of a certain value or above in IBM, they get a facilitator to come in, and do a before the event. They will bring in the relevant people to share their learnings to ensure that a lot of tacit learning is going on. Or if they can’t bring them in, they will conduct a videoconference session or they’ll try to get some kind of discussion forum going. There’s lots of techniques you can use for this. They will also make sure that it’s all set up before so they will immediately engage and be able to harvest during the session and also at the end.

Audience: That’s really what the mentoring theme isn’t it?

RY: Mentoring is a key component in this whole technique that we’re putting under a banner here of harvesting before, during and after. We need effortless tools, automated wherever possible, and systems that enable us to do this more effortlessly and effectively, as part of our work.

What I will be sharing with you today is what is available now and how we do it now. I think you will agree with me that even if organisations remind themselves of the common sense, of steps 1-3, and start to better capture, store and share their learnings and ideas, before the event, during the event and after the event where appropriate, those 3 steps alone will set them apart from the vast majority of companies out there who don’t do that today.

We are living in a competitive Knowledge economy where those that survive and prosper at least do this well. We now know better and the excuses for not doing this won’t apply in the Knowledge economy. Does that make sense? It is critical. This is why Gartner say by, all leading companies in industries by 2003 have to be doing this as mainstream.
Step 4
Collaborate

Step 4 is collaborating. This is working together as one and working together with common goals. This is not as easy as it sounds. In many organisations, people communicate information to each other quite easily. Let’s take email, for example, individuals can copy one another and push it in their face – that’s quite easy. What is not so easy is to get people to work together as one, having the same, shared visions, the same shared values and the same shared sense of what is important, relative roles and responsibilities and tasks. This is whether it is for a project or whether it is to put a man on the moon.

This is the key challenge in KM. There are tools that can assist us. There are tools to start us off with the collaboration process, simple collaboration occurs when people start to discuss and there is interaction. The technologies that allow people to discuss whether they are in and out of the office are key in starting the process to collaborate.

Now, with KM technologies, we have moved beyond just simple discussions, to creating spaces designed for teams to collaborate. Collaborative spaces are the new Work Places. Increasingly, there are collaborative solutions available to provide people with the ability to easily create a collaborative working space to be able to easily work together as a collaborative team for the duration of that Project or Process. In the shared space, they can capture learnings, ideas and insights, share better and learn from the space in a more focussed and more meaningful way.
The next step, step 5 in the process, is the harvesting. This picture shows a lady in the rice paddy fields harvesting rice. This is very similar to our harvesting and need to harvest as often as we can new learnings and ideas. This is a new discipline but already in the KM arena, there are many techniques for harvesting.

It started off in the early days with companies, particularly the big 5 Consulting firms, employing Knowledge Managers whose specific job was to go through spaces and forums and harvesting any learnings and ideas. This is rather mechanical but it was one way and it has some benefit.

Another way which was very successful and, is now becoming almost institutional in many of the Most Admired Knowledge Enterprises, is a technique called ‘After Action Reviews’, which has been adapted from what from the US military. Some of you may well be very familiar with this.
Let’s just go through an AAR. In the American military, every time there is action, there is an immediate review and the reason for this is very obvious. This is because it involved human life. If you are in action and a life is lost and you don’t learn by the mistake that happened, then the next time in action, the very same result could happen again. The American military were the first to impose this discipline, asking what have we learned, what can we do better next time and how can we avoid that risk?

The principles can be applied to any action, not just military action. They can be applied to an event, they could be applied to this particular seminar. This little mental programme should be running in the mind of Knowledge workers everywhere. If you go to a conference you should be sitting down and doing it.

Jo and I went to a client the other day and the first thing we did when we got out and sat in the car was we did an After Action Review. We don’t do it as much as we like but we need to do it as a normal Knowledge worker.

If we just look at the principles, they are very simple. They are no rocket science. An After Action Action Review simply asks ‘What were the objectives?’, ‘What did we actually achieve in the event?’. Also, ‘Why were there differences?’ and the interesting thing here is that when we do this and we ask these questions, it then leads us naturally into ‘What can we learn from this?’ One of the things that we have learned is that some people will capture their learnings more naturally and easily than others.

In addition to that individual initiative, there needs to be people extracting the learnings from us and a Project Manager should fulfil that role in a Knowledge company. The key skill of a Project Manager for the future is not just ‘how do I manage the Project?’, ‘How do I manage the people?’, ‘How do I manage the budget’, ‘How do I manage the deliverables’ but also ‘How do I manage the Knowledge?’
A Project Manager can do this by conducting an AAR and facilitating the process, which will bring the learnings out? ‘What can we do better next time as a result of what we learn’ and the key one is ‘What are we going to do about it?’ It is no good just extracting them although that is very good. It is working out what you are going to do about it, by whom and by when. The key thing is to actually bring the learnings into reality so we do things better next time like Sir John Steely Browne said.

Of course, we also need to ask if we can celebrate success. By the way, the final two points on this After Action Review, come from Shell International. The US After Action Review covered the first 5 points only and the last two points were implied.

It may not be appropriate to the military, but in Shell they are finding ways to see how they can celebrate the success of the project more. So this is an example of a technique for capturing and extracting, in a natural way, some of the learnings. The more you can do that and are able to embed that within all of your actions and then capture them in the technology, the greater the harvest will be for you to do something with.

But what do you do with it? Well you do 2 things if you remember. In step 6 and step 7, you’re either improve your codified knowledge, which people can refer to or you improve and develop your experts, because when people are learning and applying, they are developing their own competence and expertise.
Let’s look at developing the best codified knowledge, step 6. If we first, take Knowledge harvesting, which is a simple process that allows Team members to get together and harvest using a variety of techniques, such as AAR. If, out of the harvesting, they feel there are some weekly learnings or monthly learnings that are of value, then they send them to the person who has ownership for the Best eKnowledge base. That person will critically review them and say ‘Oh yes I think that is something really worthwhile’ and improve the Best eKnowledge, or ‘no I don’t’ and the Best eKnowledge base owner will have the option to reject it or say they like it but would like a bit more rework, in order to accept and improve it.

The final part of the cycle is that when the Knowledge workers work on the next project, the first thing that they should do is to refer to the Best eKnowledge as a starting point and then they go through the cycle again and improve it.

So if you have got 30 Project Teams all working in the area of, for example, Bid Management in a telecommunications company, they have got the Best eKnowledge on how to go through the Bid Management process. Every Bid Team has to refer to that as they go through the process and as they do that and as they are engaging with their clients and doing the work, they are harvesting. Any one of those 30 teams could be doing this and every one of them is referring to that. That is the process for improving the explicit, codified knowledge.

There are some quite sophisticated processes now for step 6. If you go to the big 5 Consulting firms, they have some very sophisticated processes. Broadly, they do the same thing. This simple process works as it is however. A key point to mention is that it only works if somebody owns that Best eKnowledge base. It doesn’t work if lots of different people can make decisions on what is good and what is not.
Let’s have a look at step 7. Step 7 is not about improving explicit knowledge as a result of harvesting but it’s about actually improving experts. What I am showing you here, is from our own system. I will be showing you more of that this afternoon when I talk about implementation. I will go into this in a bit more detail then but I just wanted to make the point that technology can very easily support the creation of Expert directories and Expert locators. These contain who the experts are so that people can get at the people they need to quickly and easily.

In our system, the experts can also, work in collaborative spaces with other people, and hopefully, from this, learn faster and better. As people are all connected together around the world through the Web, simply by clicking on the Mail icon, if they are on the Web and are receptive in the Sametime mode, they can be conduct a Sametime Chat session.

So, identifying the experts and talking with the experts is becoming easier as we speak.
Step 7
Communities

However, it is not just about individual experts. In Knowledge Management, identifying how communities, both formal and informal, can create so many more new learnings and ideas is extremely powerful. They are the richest ‘rice fields’ around.

In KM terms, we talk about ‘Communities of Interest’. A community of interest is when people naturally get together because they are interested in a particular topic and this photograph is showing some amateur astronomers. Other examples could be train spotters, plane spotters or golfers. When I spoke to someone in Singapore Civil Service College last week, he said how he wished he could get the same passion in his organisation, as he has about Manchester United. He said that when he goes to meetings with other Manchester United fans, they share knowledge freely and actually compete with one another about who knows the most about it. He said that if he could get that flourishing knowledge community, in some small way, into our organisation, it would make a great difference. A community of interest is where people come together because they want to and they want to learn and they want to share.

A more formal community in the organisation is what’s commonly referred to as a ‘Community of Practise’. In this example, we have got a legal firm. This is people who are in the same profession. It could be Chartered Surveyors or Doctors and they do not necessarily have to be in the same organisation. These people could be on the Web and connected to all of the doctors around the world or all of the lawyers around the world (or all just all of the lawyers in your own organisation). A ‘Community of Passion’ is more than interest. To some people it is life. We can learn a lot about how to foster passion and fun into a subject, which is possibly not as exciting and fun.

So at this stage, step 7 of the process, we are concerned with recognising the communities that exist within our organisation, formally and informally, that can contribute to our KM endeavours and also towards harvesting and learnings.
Step 8 is measuring the effectiveness of this process. Many companies often say ‘If only there is some way, we know how far we’ve gone and how well we are doing KM? Have we just started or not?’ I spoke to a company, the other day, who thought it was doing KM, and as soon as we applied this Maturity Model, it realised they were only on the first rung of a 10-rung ladder.

It is very simple but let me explain it. It covers the nine steps of the KM process I have outlined to you and I have listed them again here - Capturing, Storing, Sharing, Collaborating, Harvesting, developing our Best Practises and our Best codified Knowledge, developing our people and communities, measuring these activities and maintaining them. We use this Maturity Model with our clients as part of our methodology and the one way you can use it is to simply suggest to them that each of these different steps in the process have different values, importance and affect.

Clearly, the real value to be gained is when you are actually applying all of this. In this model, there is a suggested weighting for each of the steps. If we were to give 200 points overall, we might allocate the weightings like this, to see how effectively we are doing KM. Of course, the client might have different views, depending on the relative importance of each step to them. By allocating the weight, you can actually score which of those you are actually engaged in, to what degree and how much further you need to go, to have successfully implemented that step.

You can apply this to a pilot. You may consider that the key reason for conducting the pilot, regardless of what area your organisation is involved in, is to simply demonstrate how effective you are in implementing the KM process to a particular area. If, through your pilot, that might take you 6 months, you can do this successfully, you can then apply this, together with the benefits gained right across the organisation.
That is just one way of measuring the effectiveness of your KM initiative, whatever level it is at. I think you might agree with me, looking at that, that most organisations today, particularly if they look at what their weightings might be, have not even yet got started. That is the truth of the matter.

I have actually heard some people say to me that ‘KM is dead’. Well the ‘KM’ label may be to some people but to me, KM hasn’t even started. We are very, very ineffective and bad at managing our knowledge. These sort of tools help us to see what is involved and where we are.

In the last few minutes before lunch, I want to touch on another formal measure.
There are now external measures and benchmarking initiatives. The British Standards Institute (BSI) has published a guide to good practise. This guide to good practises is in book form and in CD form. I was involved and am involved on the Committee now so I know a bit about the current situation and the work we are doing.

The BSI decided that what was needed in the market place, was an informed clarity. There is so much confusion out there. Some people think knowledge management is this, some people think it is that. So what the BSI said is that we need to get together a handbook, which at least lists the well-proved working common approaches and will also act as a discussion document as to what aspects of Knowledge Management might lend themselves to standards or become an emerging standard. That work was done last year and we, as a committee, published the book and CD and you can get it from BSI. I would recommend it as a good handbook - The BSI Guide to Good Practise.

That was done last year and many companies, institutions and professional bodies are now adopting this publication as the mainstream. What is now happening, as a committee is that this year we have been charged with identifying and publishing the first documents on standards and identifying which aspects of KM should have standards applied to them. Clearly there are certain aspects of KM we don’t want to standardise. We don’t want standards about culture, for example, but we do want standards about measurements so that everyone can apply the same things, in order to benchmark and learn.

That work is going on this year and I can share with you that in June of this year, the BSI is publishing a glossary of terminology that will be multi-lingual. It is also publishing an Executive Summary, for people don’t want to read the book, which has got over 200 Case Studies in it. In the latter part of this year, we are publishing a Guide to Good Practise for KM Culture and a Guide to Good Practise and Recommendations for Standards for KM Measurements. I can already tell you that it has been adopted before it’s even been published. The Cabinet Office of the UK Envoy has already said and confirmed to us that ‘we can...
confirm the UK Government’s adoption of the emerging standards’. They have already taken it on board. I am working with the UK Government on the formulation of a KM policy and framework and that KM policy and framework will be finished at the end of June this year which will go right across the UK Government.
Knowledge Asset Categories

- Human Knowledge Assets
- Structural Knowledge Assets
- Market/Customer Knowledge Assets
- Social Knowledge Assets

Within the standards, we have recognised that knowledge should be treated as an asset and we have recognised four categories.

The Human Knowledge Assets, looks at the valuable, tacit knowledge in people. The Structural knowledge assets, is the knowledge that is codified in the Knowledge Bases that is retained within the organisation. This is the explicit knowledge. The Market/Customer knowledge assets are the result of applying our tacit knowledge and explicit knowledge, in the knowledge-based Products and Services we provide – the outputs, in other words. Finally there are the Social knowledge assets. The BSI is obviously a non-profit organisation, working for the good of the public and they recognise how social knowledge is an asset and we should be considering that as a separate entity in itself.

Looking at Knowledge Assets a bit further, this aspect has become a major discipline. The major accounting firms now are in extremely advanced stages of releasing Knowledge Asset Auditing methodologies. Companies will soon have the opportunity to be audited from another point of view and another perspective.
Looking at Knowledge Asset Management, in more detail, if we take the earlier example where I said let’s take a company that is worth £100 million, of which £10 million is tangible and the other £90 million is not even being looked at, and is considered as good will. As there are now, agreed standard categories of Knowledge Assets, we can now identify in our organisation the Critical Knowledge Areas and Critical Knowledge Assets.

We can identify them and categorise them and we have got an established process, which I will share with you this afternoon of how we can measure these. Clearly, you would measure Human Knowledge Assets in a different way to the way you would measure Structural. These have been identified, the process has been identified and the claim is that by doing this we will be able to increase our Knowledge Assets and we will be able to audit them. Now, I don’t know if this delights you or horrifies you, the notion that publicly listed companies perhaps first will have to have their Knowledge Assets audited and reported alongside their financial assets. It makes a lot of sense if 90% of their worth is non-financial.

If you are interested in this area, which is a specialist area in itself, I would point you to 5 references.
Knowledge Asset Measurements

1. Intangible Assets Monitor – Karl-Erik Sveiby
2. Knowledge Navigator - Skandia
3. Balanced Scorecard - Kaplan & Nolan
4. ‘Tableau de Bord’
5. StandardsInstitute.org

Probably the pioneer in this area is Karl Erik Sveiby, which has the ‘Intangible Assets Monitor’. You will find it in our bibliography at [www.sveiby.com](http://www.sveiby.com).

You will find Skandia also, as pioneers with the ‘Knowledge Navigator’. They report their Knowledge Assets every 6 months, alongside their financial balance sheet.

You will find a lot of work going on with the Balanced Scorecard, which is used by many large organisations. They have now incorporated into the Balanced Scorecard, Knowledge Assets successfully.

There is a French system, which many say the Balanced Scorecard came from and is known as the ‘best kept secret in France’, called the ‘Tableau de Bord’.

Another one I would point you to which is getting increasing reference in recent months is the StandardsInstitute.org, which have got another set of measures, so there is quite a lot of work going on in that measure.

*Audience: Who are the Standards Institute?*

RY: They are an American organisation who are driving the US Measures.

*Audience: Thanks.*
Here is an example of how we actually manage it. It is just for example purposes but in our own system we can measure and categorise and report on a regular basis to see whether our Knowledge Assets are increasing, shrinking and developing.
So, in closing this session, as we are due for lunch, I hope you can see that Knowledge Management embraces a lot of disciplines. KM is multi-disciplinary. We have not yet touched on the people side, which we will do this afternoon. It involves strategy, looking at a strategic level of how knowledge can transform the organisation.

It also involves people and culture, it involves new processes and I have briefly outlined the steps of the KM process with you. It involves Content Management of the codified knowledge to make sure we are not dealing with any irrelevant stuff. We would not be doing any of this without technology. Technology has made it potentially possible.
The way I like to describe Knowledge Management is like this. If we now take an organisation, it now has the ability to capture, to harvest and to develop Best eKnowledge and to better develop the most valuable knowledge – our people, our experts. This outer dimension on the slide is the tacit knowledge. This is the organic Knowledge base. This inner section is the codified. Many people have been confused and believe that Knowledge Management is just about this little piece in the centre, the codified knowledge. That’s not the case. The real value is when you can improve the tacit Knowledge by using the critical codified Knowledge. When we examine this, this afternoon, you will find that there are four modes of Knowledge transfer that Nonaka and Takeuchi tell us about.
So that is it. That is as far as we want to go until lunchtime. Knowledge Management is certainly seen by many to be the new wealth-creator of the 21st Century. I have already given you the Shell example. They thought they were in exploration and refinery but realised they are really in the business of the Knowledge that underpins the best exploration and refining.

This afternoon we are going to move our focus from ‘What is Knowledge Management and Why might it be of benefit?’ to ‘How do we do it?’ and the implementation issues. There is a 7-step process I would like to take you through.

So, lunch time!
Agenda

- 09:30 – 10:00 Introduction
- 10:30 – 11:00 Why Knowledge Management?
- 11:00 – 11:15 Coffee Break
- 11:15 – 12:15 What is KM?
- 12:15 – 13:30 Lunch
- 13:30 – 16:30 How to Implement KM
- 16:30 – 17:00 Summary and Conclusions
“Ask a KM Consultant to show you how he/she is getting benefit from KM on a daily basis…. 

If they can’t – run away fast”

Ron Young
Knowledge Associates

If there is one message I do want to say about implementation, it is that you should ‘Ask a KM Consultant to show what benefits they are gaining from KM on a daily basis. If they can’t – run away fast’.

I firmly maintain that people who assist us in the implementing KM, must be doing it themselves and the reason I maintain that is because I know that if people are not doing it themselves, they don’t understand it. How can they possibly be helping others to do it? So that is my one key message for implementation today, unless you want a Consultant to use you as a guinea pig to learn how to do implementation.

Let’s have a look at what that really means about implementation. First of all, we have learned a lot about how not to do it as well as how to do it. The Critical Success Factors for KM are now well established. Let me just share them with you.
This lists what are considered to be critical. When we say ‘Critical Success Factors’, what we mean is that if any of these are neglected, it will fail. It may not fail in the first week but it will certainly fail within 2 years.

First of all, you need proper awareness. If people don’t understand what it is, what it means to their business and what it means to them, it will fail.

The second Critical Success Factor for the implementation of Knowledge Management is that there must be senior management buy-in. I would go even further than that because that is not good enough. You need senior management engagement and leadership. If senior management are only seen to be saying that KM is good for them and they get other people to do it, this is failure. We have seen that. Unless the senior management are prepared to engage in this new way of working themselves and be seen to be doing it and demonstrating it themselves, it will fail. I am speaking from some bitter experience as well with client engagements. We need senior management engagement and leadership and adoption of this new way of working.

The third Critical Success Factor is that the organisation has to have a natural Knowledge sharing culture. If it does not have this culture, it will fail. We are going to go into that one in some depth so we will leave it until later.

The fourth Critical Success Factor is unless you have got some measures for the benefits, it will fail. If Knowledge Management brings benefit to the organisation, you must be able to identify that and you must be able to measure it. Otherwise, it may be that it is not bringing benefit.
The final Critical Success Factor which is well established now is that there has to be proper rewards, recognition and incentives for Knowledge sharing and Knowledge working. This actually goes some way towards creating a Knowledge Sharing culture. It doesn’t matter how good your vision, strategy, processes and tools are, if the actual Knowledge sharing and Knowledge working is not recognised and not rewarded, it will fail. That has been discovered.

In addition to these, it is vital that the organisation has a strategy in place for Knowledge Management, which links the Knowledge Management initiative to the business. It is essential that the organisation implements the new KM processes, as I have presented them to you this morning at least. It is essential that the organisation has the right structure. The way it organises itself with people is key. If it has all these other wonderful things but has a lot of internal divisions with people fighting each other, it will never work. There has to be open, free flow of knowledge and it has to has the right systems and technologies to support these things.

Finally, KM will only be successful if the benefits are understood and implemented on 4 levels. First, the individual, also the team and across the organisation, then into the inter-organisation with clients must all see benefit. Quite often the organisation case is made without letting the individual know what is in it for them.

What you are looking at on this slide is a survey that we have as part of our methodology. When we help companies implement KM, the first thing that we ask everyone who is involved to do is fill in a questionnaire. It takes about 15 minutes and is 43 questions and by the way that people answer these questions, we can gauge where the organisation is in KM.

We use the analogy of climbing a mountain. You are either at base camp, you are on the way or you are up the top. Based on the way this is answered either on paper or on the Web, we get a snap-shot of where the organisation is. I had one organisation that had 3000 Information Technologists over the world who filled in the survey on their Web Server over a 6 hour period and they got an immediate perception of what all of their 3000 people were thinking in regard to KM.

Where it is shaded red, it shows where the organisation is. The slide shows a typical set of results for an organisation first implementing KM. So this gives you a quick snap-shot of where you are at, where people perceive you are at and where you need to focus your efforts for implementing.

So those are the Critical Success Factors, which is step 1 in your implementation.
Step 2 in your implementation is looking at the real key issues and underlying principles that have been learned so that we can do the right things. I want to dwell on two things here. The key one is Knowledge Sharing, first of all.

I want to spend a bit of time on this because this is the key issue that has come up time and time again. From all the engagements or the workshops or the presentations that I’ve been involved in, and all of my colleagues in the industry ask me about this whole issue of knowledge sharing, why should I share? Why shouldn’t I share? Let me just ask you then? Why is it do you think that people don’t share?, because I am suggesting to you that we don’t share that much, we tend to protect our knowledge.

Audience: How?

RY: How? There’s a very good reason. My knowledge is my power, if I give away my knowledge perhaps I don’t have the power or the value, and I may not have the same worth as I did.

Audience: As you were saying before, in America where people have got a lot of personal interests for profit sharing, such as sales people where they earn their money through commission - they don’t want to share their knowledge.

Audience: Yes I would say rewards, personal rewards.

RY: Rewards. Yes, that’s the key word isn’t it, personal reward. I may not get the same personal rewards if I share.

Audience: Cultures, different cultures.
RY: Say more about that, why?

Audience: Well in some countries maybe they have a different way, it’s like if you say in the east certain things they don’t communicate or don’t talk about, whereas in other areas, certain countries, they’re quite verbose.

RY: Indeed.

Audience: I was going to say that I think you can have different cultures within an organisation now, the more companies merge, then they have maybe 2, 3, 4 different cultures within that organisation, and that’s about change management, and creating one culture.

RY: Yes, and I agree. I’ve seen in America, the culture in America is so open that people are very comfortable and happy to go on television and disclose their innermost private lives. This is the American culture. Work in Asia, where it still is predominantly in many cultures that you do not want to lose face and people are reluctant to commit themselves in writing forever and a day, or to be seen to make a mistake. But these two extremes, which are on both sides of the planet can occur in the same company and they do.

Audience: I think people also don’t like to commit ideas, or necessarily share ideas until they have something concrete, it is that they don’t want to be shot down.

RY: They don’t want to be shot down. It’s not okay to make mistakes in that culture. If you share an idea it might not do . . . put my head above the parapet. What other reasons?

Audience: Arrogance.

RY: Tell me more about that, why arrogance?

Audience: I’m senior enough in the company not to have to tell anybody what I’m up to, but they’ve all got to tell me.

RY: Yes, exactly, arrogance. Other reasons? Why don’t we share as much as we perhaps should?

Audience: Sometimes there aren’t the mechanisms to share it but you might have knowledge or something and you don’t know how to share.

RY: Exactly. You may want to share, but there aren’t the mechanisms or you haven’t been told how, so no mechanisms.

Audience: Time.

RY: Time is another excellent one as well, it’s not necessarily that we don’t want to, I don’t have the time to do what’s necessary to share with other people.

Audience: I think you mentioned earlier, trust as well.

RY: And trust, yes. We’re going to develop that in a moment, but clearly that is a key reason why we don’t share. We don’t feel there’s sufficient trust to want to, or whatever we call that. Okay, there are reasons why we will not share, and I think some of those are very legitimate, in the businesses that we have today, in the organisations we have today, so why should we share? We’ve said why we don’t share, but why should we share, what’s it going to give us over and above not sharing?
RY: What would be great about sharing? Should we share, why share?

Audience: The benefit of sharing knowledge is that we don’t waste time reinventing the wheel.

RY: Yes. Less reinventing, less wasted time, absolutely.

Audience: Do your job better.

RY: If we share you could do your job better.

Audience: Faster rates of innovation.

RY: Yes, if we share we certainly get faster rates of innovation. It’s a key component.

Audience: I was going to say, avoid duplication of effort.

RY: Less reinventing, avoid duplication.

Audience: To share information with other people you build relationships with them.

RY: So sharing will build trust, excellent.

Audience: Break down some of those cultural barriers.

Audience: Or maybe you can just better understand cultural barriers, which will help to break them down.

RY: Will create a greater understanding. Yes.

Audience: Gradual collaboration.

RY: Yes. They’re good reasons, so why don’t we share then, is it because the reasons that we don’t share outweigh the reasons and benefits of sharing?

Audience: Just one thing that I would like to add on to that list is cost, profit at the end of the day.

RY: By sharing we would increase our profit?

Audience: Yes, an example, something that I’ve read is of Ford opening a new plant, they have a system in place where their shop-floor workers are encouraged to share ideas with other factories, and they actually measure the cost benefits of those. The initiatives such as different ways of putting the bumpers on the cars, they’ve got measured in terms of financial results. And we’re talking quite large sums of money over that period of time.

RY: Right, yes, so definitely a link to greater profit, or less cost. And of course if you look at the politics at the way organisations have grown up typically in hierarchical structures, a primary purpose of a manager was to pass information and knowledge down, or pass it up. It’s a key part of that job, which has been eroded by technologies that enable that information to be delivered to people more easily. But even so, I would suggest to you that it’s all, at the end of the day, to do with trust and fear.
## Fear vs Trust

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<th>Open and sharing ideas &amp; knowledge</th>
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<td>Short Term &amp; impatient</td>
<td>Long Term &amp; patient</td>
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<td>Disrespect &amp; political</td>
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<td>Individual &amp; isolated</td>
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I worked with a large automobile organisation that had many workshops up and down the country. They felt that, from the opinions of their managers and dealers, there existed characteristics of a fear-based organisation. The manufacturer actually said, we believe that we are today a fear-based culture where a lot of our business is done on coercion. If you don’t shift enough metal this quarter you lose your franchise.

That’s a fear-based culture, that’s how quite a few cultures, to a lesser or greater degree, in business have existed. They said, and I think it was tremendous of them to say, we have got to make that change in our culture, we want to be a knowledge base, we recognise it’s about sharing, we recognise it’s about teams, we recognise it’s about trust, therefore we want some of these characteristics. And you can see they’re quite common to us all, that you’re more likely to be protective of your ideas and knowledge in a fear based culture. There is less likelihood for loyalty, because you always having to think short term in this sort of culture. You can’t think too far ahead. There’s more likelihood to be politics and people are more likely to feel isolated and independent, but what I found very interesting is that you can sense this in an organisation.

The communications in a fear-based organisation are far more one-way and infrequent. It’s almost diametrically opposed in a trust based organisation, because people are far more open and sharing. There’s far more loyalty and long-term thinking, far more respect for one another, and it’s okay to make mistakes because we are all here to learn. This type of organisation tends to be interconnected with teams, and the communications tends to be frequent and two-way. These were some of the characteristics that were evident. What this led to was the identification of some ideals. If we could get identify these ideals and if we could work out the principles, then we could see how we could apply the processes and technologies that would help enable these. So that was the first step, the ideals. Therefore, the ideals and principles that are the foundation of a knowledge organisation is sufficient trust. It doesn’t have to be 100%, life’s not like that, but it must be predominantly more of a trust-based culture.
When we examined this with the automobile manufacturer, it wasn’t that they were doing things wrong or that they should be blamed for having a fear based culture. If you look at any large organisation today, I suggest to you it’s more likely to be fear based than trust based, because I believe the following. If you start a tiny little group in a tiny little room, everybody knows everyone, everybody knows everything and there’s a lot of trust, and whenever a team works together trust will develop and build.

As the group becomes more successful, the group also starts to grow. The only way historically we’ve been able to manage the growth of an organisation, is to break it into manageable chunks; sales and marketing, manufacturing, finance and admin. There’s no option, it’s the only way to manage an organisation, particularly if the organisation becomes dispersed and has got international operations or different geographic offices.

The more you break the organisation down into manageable units, the more that knowledge fragmentation has to occur, because we don’t have the glue to keep it all together that you get in a small team. Naturally, as the knowledge in the organisation becomes fragmented, the more likely that people will feel less in the know, so they start to doubt. When doubt comes in and you’re not sure of what’s going on, fear arises and that’s the start of the fear spectrum.

So very, very large organisations, which are very dispersed, find this is a key issue. I don’t know of any huge, large organisations internationally dispersed that don’t have this problem. What has happened is that the technologies and the processes has enabled us to provide the glue to start to bring that back together, where people can be more in the know, where people can be more able to connect and find out the issues and become more trusting. So I don’t think it’s a mistake, I don’t think we should point fingers and say, you’re fear based, you’re doing something wrong, because these organisation have probably been very successful and grown very fast and this situation has happened to them unwillingly.
"Trust is the lifeblood of an organization and is the highest form of human motivation. People work together most effectively when they trust each other."

Stephen Covey, *The Seven Habits of Highly Effective People*
When we start to trust, we will naturally want to communicate. No rocket science there. Again we’re with ideals, if we have open communications that naturally increases our confidence, it will increase our competence and this naturally leads to a desire to want to communicate and co-operate. It actually builds trust. All these things feed on one another. Here we are distinguishing communications from exchanging information to collaborating, which is where we’ve got more shared understanding, we’re working and we’re innovating.
"Open Communications increases confidence, builds Trust, and naturally leads to a desire to co-operate and collaborate"

Communication - the exchange of information
Collaboration - creating synergy, shared understanding and innovating together

So if we have enough trust it’s going to lead to more open communications, which in turn is going to increase our trust and our confidence and competence. A strange thing happens when you communicate a lot of information with sufficient trust and confidence and competence and you start to collaborate - you learn more – it’s a fact of life. It will happen, as a principle
KM Principles - Learn

- Learn
- Communicate
- Trust
"Rapid learning increases competence, builds greater Trust, and naturally leads to a desire to share."

‘Rapid learning increases our competence, builds even more trust, we’re happier to communicate more, and naturally leads to a desire to share.’ Now the common word in trust, communicate and collaborate and learn is, ‘naturally’. People will naturally do these things if these conditions are there. The suggestion I’m making here is that we as human beings naturally want to share, and the only reason we don’t share is if we have some fear or some reason not to, or we don’t feel confident and competent. But you know in your own personal lives, or business lives, if there’s an area in which you feel very confident and very competent, you just want to tell everybody about it. You don’t really care about what it means with my power or whatever, you do. But they’re ideals. We’ve got to put them into practice.
But just following the ideals a little further, if we are learning, if we are confident, if we are competent, then we naturally want to share, and naturally sharing means we have a virtual circle, it’s not a step, it’s a virtuous circle.
Any one of those things will feed the other.

What’s very interesting is I was working with an organisation, a large utility organisation that had experience a downsizing, and said, there isn’t as much trust in here as we’d like, but we want to build it. With the people that we have, we’d like to build it, what can we do? How can we build that? We can’t just go around telling everybody, trust one another, we’ve just had to have an exercise which has reduced a number of people, so that won’t work.

We looked at this from an intervention point of view, and we came rapidly to the conclusion that it would be more receptive, if we could say to people, the organisation is now going to embark on initiatives to help you develop, personally, your competencies, so that you are at worst, more marketable and at best, more able to do what you do. In fact, it was well received and when people asked ‘What’s in it for me?’, they could see that the company was going to help them develop their competencies, even though, quite frankly, they were still frightened about whether they were going to be here or not. Naturally there was still some fear, but by beginning to develop competencies and confidence, we started to see how all of these other areas started to have an impact on people building trust, communicating more, learning and sharing.

And so they’re the ideals. If we are able to do that, we believe that naturally the organisation will benefit as an individual and at an organisational level, but they’re the ideals. How can we practically make any of those things happen? That’s where I’m going to look at the processes and the technologies. Let’s just talk about the technologies for a moment.
How to Implement KM – 7 Steps

1. KM Vision Development
2. Knowledge Assessment
3. KM Strategy and Framework Development
4. KM Business Case Support
5. New KM roles and responsibilities
6. Implement KM Processes & Technologies
7. Measure and Improve (K Asset Accounting)

There is no rocket science in the steps - I think the steps will be very familiar to you - it’s just going through these steps and relating them to knowledge management and what we’ve learned. But let me outline the steps first of all.

The first thing is the importance of developing a knowledge management vision. We’re going to go into each of these in some depth. Not just knowledge management as a vision, but what knowledge management means to this organisation. What is our own knowledge management vision? What will it mean to us if we achieve it? And that’s the key to the first thing. Whether it’s done at an organisational level, or whether it’s done at a departmental level. Then, it’s necessary to have a look at where we are now - which is clearly a knowledge asset audit and we’ve already touched on that briefly - but also to have a look from a cultural point of view. How ready is this organisation for knowledge management? It’s not the case that we’re all equally ready for it. And how, in terms of maturity, what we mean here is, culturally, can this organisation embrace knowledge management or do we need to do something to help the organisation develop a knowledge sharing culture which is going to be acceptable?

Can you imagine putting a knowledge management system into an organisation where the culture is very, very, individualistic, highly competitive, where knowledge is power, you’ll get results I can assure you, and you may know some organisations that may have those sorts of cultures. The challenge is to explore those cultures. We’re also interested in, how ready is this organisation technologically? Now it may be an organisation that uses Intranets and browsers and groupware, as a matter of fact. It may be an organisation where the partners or senior managers say, well this is not for me, somebody else does that for me, and may not feel technically able to use the tools that are required. Of course we’re also looking at, at this stage, what information systems exist, what technologies exist that we could use for them to support knowledge management in the organisation. That’s step 2.
Step 3 is, how are we going to get there? We have a vision and we know where we are now, so how best to get there. And there are different strategies that can be deployed. I did mention in the very beginning that some organisations chose, what’s commonly referred to as a product-centric strategy - ‘how can we reuse what we’ve currently got first?’ Some organisations chose a process-centric approach - ‘how can we increase the creation of new knowledge through the process of collaborating and relationships?’ But clearly that has to be done, but that knowledge management strategy is not just how to introduce it, of course, but it’s also how it’s going to support the business. The knowledge management strategy has, of course, to be linked to the business objectives. It’s quite interesting, and I’ve worked in organisations now where they’ve developed knowledge management strategies to support the business strategy. And I’ve worked in organisations where the knowledge management strategy has rapidly become the business strategy, where the organisation has realised that when it tries to define the knowledge management strategy, that it is a knowledge organisation, and this is its business strategy. Knowledge is our business, and so on.

Step 4 is - well we’ve got to put the business case in measurable terms, we’ve got to make the case for this in terms that other people understand. It is the case that many C.E.O.s have embraced knowledge management without these tangible measures and said . . . ‘I know it’s right, and I don’t know why it’s right, we’ve got to do it’. Well that’s fine, that’s great, it’s great for us, but most companies are saying, prove it first, what is going to be the business benefits, measurable benefits of this initiative? And how do we do that? It’s at that stage that we can actually then create what we call the knowledge asset structure, but really it’s where we are identifying the knowledge assets and how we’re going to measure them.

The systems that are needed, the processes, the technologies, and also the new roles and responsibilities and rewards, and I haven’t mentioned that yet, but they are critical. I have seen organisations that have got a good knowledge management vision linked to the business objectives and a good strategy. And the processes and the technologies are brilliant, but they have failed. The reason it has failed is because the rewards and recognition systems are not in any way aligned to the knowledge management initiative and the business objectives. But it still is a key motivator. Although people who regularly tell me, and I agree, that we are motivated as knowledge workers more by peer pressure, recognition, whatever, if the reward’s not aligned, let alone the recognition, it can still be a failure. What I should say is, when I was in the States I remember somebody saying to me that it depends what part of the world you’re in. In the States, in his company, it’s all about rewards, full stop.

So everyone in the company is incentivised by bonus, rewards and results. All this stuff is fine, but unless it’s linked to bonus, rewards and results and more, then forget it, because we all have slots in our head and we’re as good as the money that’s going in there. That’s the way it is in many organisations, so we have to look at that.

The next step of course, the final step, is to implement, measure, and see how we’re doing.

What I propose to do is to go through each of those seven steps and hopefully that will embrace most of these points in context.
1. KM Vision Development
   *If we were really good at KM – how would we know?*

What can we say about creating the knowledge management vision?
Well, if we just start with a simple framework this might help us, because one of the questions again I get asked regularly, is how long does this thing take?

Can we do it in 6 months? Quite natural, but if we first of all look at what we’re trying to do it might give us a different perspective.

What this is aiming to show is that it’s quite useful when we’re looking at knowledge management, to look at the four dimensions on vertical axis, the individual, the team, the organisation, and the extended organisation - inter-organisation. It’s quite useful, we find, on the horizontal axis to consider how the organisation is with its communications initiatives.

The next dimension is collaboration . . . When I say how the organisation is, this should be applied to all dimensions, personal team, organisation, and inter organisation. The next stage looks at the extent that the organisation has the necessary knowledge management processes in place? and it may well be in certain applications and areas. Finally, we have this nirvana of organisations, where an organisation has done all this at all levels and it’s all integrated, and we have one integrated enterprise, which is embracing all of the knowledge management processes, it’s collaborating and communicating at all these levels. In other words, the top right hand box. Any ideas how long that might take, typically, not just in your organisation, but in all organisations?

*Audience: Several generations.*

*Audience: Ongoing.*
RY: Ongoing, yes, it’s a big job. I have had organisations say to me, we’d like to be in that
top right hand box as fast as possible, but when they’ve looked at what’s involved they’ve set
targets. The shortest target I’ve had for that top right hand box is 2 years, the longest I’ve had
is 5, but what’s important is to ask; where are you now, to start off with? How effectively is
your organisation communicating, first of all, is it deploying the correct communication
technology, typically Intranets, is it managing it’s documents and communicating with them
correctly? Are people communicating and using email in the most effective way? How good
is the organisation?

Most organisations tend to be doing that in that first box I would suggest, in that first column,
beforehand, but when I was working with a major bank, this bank said to me, ‘Ron, we have
got all of that first column, no problem, we have got the best information technology you can
find, we can pump information around the world at the speed of light, we are excellent at that,
no problem, but we don’t know how to collaborate. If you can teach us how to collaborate,
we would be delighted’. That’s all to do with culture, isn’t it, why should I collaborate, what’s
the benefit, and so on.

So this is quite useful to help us determine where we are now in the organisation, broadly
speaking. What’s involved, as we look at the next box, because the next boxes give us some
of the objectives that we can strive for, to achieve each of these boxes.

You will see that it’s basically talking about improving personal communications right
through to inter-organisational. On the collaborative dimension, the second column, we’re
really talking about teamwork here, and collaboration. But we’re not just talking about
internal teamwork, we’re talking about, how do we collaborate with our clients? How do we
collaborate with our suppliers and partners? On the inter-organisational dimension as well,
what communities can we set up? On the KM processes dimension we are introducing here
specific new processes that have been developed that will accelerate the KM process of
creating and sharing and disseminating and measuring, knowledge, in all aspects. It may be
that we’ll look at the entire process as an organisation and say, how can we do it better in all
these areas? It may also be that we will embed learning processes within the key business
processes.

For example, I’ve worked with a company, a telecommunications company, that has a very
effective big management process, as it calls it, and it’s been using technology to support that.
All that we did there was to create some new immediate benefit, where we embedded into that
bid management process, the key business process, the simple learning and review process.
What has the big management team learned from this? It is common sense, but not common
practice, we hear time and time again, we all know that we should all be sitting back at the
end of the project and reviewing it and seeing what we’ve learned and documenting it and
applying it for somebody else. But typically our rewards and recognition systems in our
culture is, ‘you’ve finished this project and onto the next project, and that’s how you’re
rewarded, and you haven’t got the luxury of sitting back and doing that’. Is that fair comment
or not?
Quite interesting again is to put the process of what have we learnt in, to automatically perhaps send these through workflow to a best practices manager, where a best practices manager can say, ‘the learnings from this project team are not only new learnings to the team, but they’re new learnings to the organisation’. In developing what we know as an organisation, it’s very valuable to be able to add this as internal best practices as well as looking at external best practices.

I was very encouraged . . . I was chairing a knowledge management conference last week in London, and one of the big consulting firms presented how they have now ensured that in every client engagement they make the time for the team to do this, and they almost enforce it in the process, almost to the point where you can’t get onto the next project until you’ve done this. So, someone in the audience said, ‘but does that mean that you charge your clients for your reviewing of your learning”? Which is a first initial reaction, isn’t it? You’re charging them for extra time to sit back and say, what have we learned and what can we do better? They said yes, and we do that because our teams are so much better at applying the next project from doing that, that we provide a much higher quality and a much better service to our clients doing that, than not doing that. It’s a different way of thinking, isn’t it? It’s obvious when you think about it, but it’s not common practice, and they’re the sort of things that you can embed, both the process and the review and the attitude to it, within a business process.

All of this is going on in the third dimension, but it’s when you pull them all together for what we call enterprise wide knowledge management that you have this level of integration. There is an argument that says, should knowledge management be top down, this is what we’re going to do and here’s the strategy, or there’s an argument which says, should knowledge management naturally bubble up organically. We’ll be looking at both of these, but my view is, it’s both ends.

You need to have top down leadership, direction and strategy and you also need to have a bottom up initiative. But if it’s just bottom up you tend to get a knowledge management initiative occurring, but you never get the enterprise wide leveraging. It’s very good for evaluating a project and seeing the potential, but unless you get to that final stage, you’ll never get to this final objective, which is, ‘if only we knew what we know, as an organisation’. It’s got to be enterprise wide. It’s got to be fully integrated. So that’s what we are saying might help in identifying the vision, identifying where you are now, where you’d like to be, and setting some targets for how long it might take. So this is very much dependent on the organisation, but I’ve heard words of 6 months to 3 years, 4 years, typically.

That’s all I want to say about the vision.

It’s important that it’s embraced, I’m not going to go into all the other parts about vision, other than to say, to the degree that the vision is shared, it’s successful, and that’s nothing to do with knowledge management, it’s to do with any vision. We can employ some very clever technology filters to help us filter out the relevant from the irrelevant, to profile what it thinks we want to see and present it.

I use them a lot, and I think they are very valuable, but they’ll never ever be as valuable as the key filter, which are the shared values and vision. If everybody embraces the same shared values and vision, then they will automatically know how to filter the relevant from the irrelevant and the valuable from the valueless.

If everyone’s not sure, and I’ve been in large organisations where people will say to me, well that’s it on the wall there, we don’t have shared vision. If there isn’t a shared vision and if there aren’t shared values then this is where information overload is more likely to occur.
because, if you’re very clear of where you’re going, you can filter. If you’re not absolutely clear, and you’re not sure, then you’re not sure if this piece of information is really something you should keep or not. And so I do feel that shared vision and values are fundamental regardless of the processes and the technologies.
Step 2, we have a vision, it’s shared, we know where we’re going, so where are we now, what can we say about that?
I have touched on this to a degree, the first point to make is that we clearly need to say, ‘what areas of knowledge are the most important?’ What you see on the slide here is the essence of the result of a survey that was conducted, to 200 C.E.O.s in Europe, it was a KPMG survey, where they asked their chief executives which areas of knowledge were the most important and most critical to the business? If you could only start with one area, and one area only, which one would you choose that would make the most difference? Would anybody like to hazard a guess what the result was? There were 5 areas identified, client knowledge or customer knowledge, market knowledge; knowledge of industry best practices; knowledge of our products; new research and development knowledge and competencies of our people.

**Audience:** *I would say the last one, but I might challenge that with the first one.*

**RY** Great. Client and customer knowledge, on the one hand and, competencies of people on the other. Any other views? It’s not easy is it, and the reason is, they’re all almost equally valuable. The difference between what they considered to be the most valuable and the least valuable is like one percentage point, but actually it was, client knowledge, and competencies of people tend to be at the top. If you can build the competences of your people in all areas, sales and marketing and product development, all these things will happen, but if you’ve got to focus first, others will say, well we want some results now on clients, so we want to focus on client and customer knowledge, and so on. It’s not easy to select one, they’re all equally valuable, but what I am going to suggest to you is that in a KM initiative you’ve got to select one to start with. It’s too large a project to try and take them all on in one go, so you have to make that decision. And it helps if you start to think in terms of knowledge assets, therefore.

We talked earlier about knowledge assets being people and networks of people, and we talked about it being embedded in processes, policies and procedures and the like. You need to consider which knowledge asset should be better developed and leveraged within these areas?
Organisational Readiness

- Knowledge Sharing Risk Assessment
- Change Readiness Assessment
- Stakeholders Investment Analysis

Change readiness, I’ve talked about, how ready is this organisation for the change, culturally and technically. Perhaps there are two things I should add. You should, of course do a standard analysis of the stakeholders investment, like any new initiative. Who are the stakeholders in this? And of course it embraces most of the people. What are their interests and what degree can we analyse that, that is to the degree that we can up front identify issues that might occur, rather than meet them face on 6 months down the road.

Another aspect that is critical is what is called a ‘knowledge sharing risk assessment’. This is vital. This is saying that some knowledge in the organisation we clearly should share, for the benefit of the organisation and/or our customers; some knowledge we clearly should not share. Some early knowledge management initiatives, took the view that it’s all about sharing, so let’s share everything. Well clearly, if you have an industrial organisation, such as Coca Cola, I’m not sure what they would say about that or a pharmaceutical drug company that’s spending 10 years exploring something, whether they would want to share that proprietary knowledge to the same degree. What this exercise is doing is identifying, ‘where is it beneficial to share, where is it beneficial to protect?’. In fact, perhaps we should protect some of our knowledge that we currently have in the organisation better - we’re not doing a very good job of that.

So identifying the critical knowledge assets, what should be shared, and what should not be shared, I would suggest is a key piece of work. Do you see what I’m getting at there in terms of something being likely to hit a road block 6-12 months down the road if you haven’t gone through that exercise?

So that’s the second stage, and I don’t think I need to say much more about organisational readiness.
3. KM Strategy & Framework Development

The next step is to determine the best strategy to move forward now we know where we are.

What I want to share with you is what has been identified through global research, by the American Productivity and Quality Centre, as the 6 key strategies.
Prominent KM Strategies

1. KM as a business strategy
2. Transfer of best knowledge and best practices
3. Customer focused Knowledge
4. Personal responsibility for knowledge
5. Knowledge asset management
6. Innovation and knowledge creation

source – American Productivity and Quality Center (APQC).

This list captures the main ones. You might feel that the right strategy for you is to look at Knowledge Management as your business strategy – it’s going to transform your business. This is what the Consulting firms and many other companies do.

You may decide that a good strategy is to implement what is required so that you can more rapidly transfer the best Knowledge and best strategies around your organisation. Xerox used this strategy first.

You may decide that your focus is on the customer. It may be that you do KM so that the customer can better achieve their goals.

Another key strategy is where people have to take personal responsibility for knowledge. People accept that they now have to take responsibility for their own knowledge.

Looking at knowledge as an asset is another strategy. A physical asset has a lifecycle. A physical asset has an income and can be measured and it is the same with knowledge assets.

The other one is focusing on innovation and creation.

They are the 6 key strategies that companies embark on in KM.
This holistic framework that was developed by the Know-Net Consortium (the European Commission Consortium) is one example of a high-level framework that may be useful to you.

It certainly is very useful to people who take the responsibility for the knowledge management initiative. A Chief Knowledge Officer, a knowledge management team, Knowledge Management Consultants find this valuable because what it is saying is we are focusing at the core on knowledge assets. We’ve got to identify them and we’ve got to measure them. And then, when we’ve identified the assets that are critical to this organisation, then surrounding that, we are going to deploy the best strategy, the best processes to support and create them. The best systems, technology and otherwise to support them, and the best structure and by structure, I mean people structure. One of the other critical learnings that I have had from rolling out knowledge management systems is the one we all know very well now, it is so obvious, but I will repeat it. If you just roll out the technology and expect everyone to use it, it doesn’t happen. We all know that don’t we? Sometimes, we need people as facilitators to facilitate the new processes until they become the new way we work.

Quite often we get stuck in our old habits, we need to be kicked, we need to be prompted, we need to be reminded, we need to be driven to a degree until this is the way we do things around here. Sometimes that’s critical, sometimes it’s not. But in this framework, we are able to focus on the assets, focus on the strategy, process, systems and structure, that involves people, process and technology. And we also consider this for the benefit of the individual, what does this mean to the individual knowledge worker, what is it for him and her, what do they have to do? We also consider this for the benefit of the team, which could be a project team or a community, for the benefit of the organisation as a whole, and finally, for the benefit of what we call here, the inter-organisation or perhaps you call it the extended enterprise or the virtual corporation. Knowledge management tends to start with a company naturally saying, how can we better manage our own internal knowledge? However, once it
has done that and once it has recognised better how to manage its internal knowledge, it suddenly realises that there is another body of knowledge out there that is valuable, if not more valuable than its internal knowledge. It is called its customer knowledge, and its supplier knowledge, and its partner knowledge, and companies develop knowledge management strategies which involve acquisitions and mergers, or which involve partnering people who have the knowledge assets that the organisation needs to have transferred fast.

Skandia are very well known for this, because Skandia in Sweden will tell you how they started their knowledge management initiative. Initially they focused on the people, the core people in their organization, and they then realised that they were connected electronically to a vast number of customers and found that the management of that knowledge was extremely valuable, and that’s what this framework is really trying to reflect. It’s a useful start as a focus, but it’s just one, as you will see and it’s really meant for as a reference to the knowledge management team of all the above aspects.
We’ve already mentioned many of the things that good knowledge management can bring, but clearly, like any business case, it’s got to clearly show it can reduce costs, where that’s needed.
Now we can show how KM can reduce costs by reusing what we currently know, which is one way. Another way that we’ve mentioned is if we start sharing leads. We can also decrease our response time to the customer, and clearly that’s a major advantage. I mentioned the telecommunications company that had a bid management process, the greatest benefit it found was it reduced the cycle time from the invitation to make a bid, to the delivery of the bid to the client, because it was reusing everything and it was collaborating.

I remember British Airways showing in an earlier knowledge management conferences how the simple use of a collaborative discussion database in Lotus Notes helped them dramatically reduce particular problems they were experiencing. One of them was the rescheduling of aircraft. For example, there may be a football match in Spain and should there be a decision as to whether they should lay on a Jumbo or should we keep with a smaller craft, a 767. Think of all the different things that people have to recognise, such as, is the runway long enough?, is there sufficient crew?, have we got fuel?, can we get the catering in time?, and all the different permutations and combinations to do that. Typically these sorts of discussion were done in corridors, which usually only involved some people. However, by using collaborative technology and sharing knowledge, connecting catering people, connecting engineers, connecting all sorts of people, were dramatically reduce the decision making to a few days. This is a simple example that saved them lots of money, which can be applied throughout any process. What resulted was solution of a higher quality and thereby, an increase sales returns. I know companies that are looking at knowledge management as a key factor in their strategy for mergers and acquisitions now. It’s not just looking at the criteria, the normal criteria for mergers and acquisitions, but from the knowledge asset point of view, of identifying what knowledge is critical to achieving our objectives, what knowledge should we acquire in our mergers and acquisitions and then putting the knowledge management dimension to it.
There are other reasons, which you might find good and not so good, not least what it means to the corporate value and the share price. The main thing is, that we’re looking at bottom line return on investments and one of the questions I often ask, is not what does it mean if we do knowledge management, but what does it mean to our business, in our industry, if we don’t do it? Do you have any experiences of knowledge management yet which is having an impact on the bottom line, or do you have a view as where you think it could in your organisations? Do you think it’s easy to make the case, or quite difficult?

_Audience: Retention of key people within the organisations_

**RY:** Retention of the key people.

_Audience: You talked about getting hold of that tacit knowledge but you could actually utilise that knowledge within the business, and maintain that knowledge within the business._

**RY:** I’m glad you’ve raised that as well because that retention is critical. There was a view initially, in the early days of knowledge management, by some people in some companies, that this is a hoovering exercise. What we are trying to do is suck all our knowledge out of all of our brains into a system so you don’t need us any more. Then there was the realisation that knowledge management is not about sucking out, it’s about creating more knowledge and renewing the knowledge in the heads of the individuals faster than otherwise was possible, and people enjoy that very much. If you’re in an organisation where you’re going to learn twice as fast and you’re going to develop your personal competencies much faster than working in an organisation that doesn’t have that - that’s where you want to be. And that also is a key factor in retention. People are more likely to want to stay. I’ve heard it from some of the pioneering companies, again referring to the consultant firms, that their greatest difficulty has been, when they’ve left and they’ve moved into organisations they don’t really have such capabilities.

_Audience: Linking to retention is the fact that in the future it’s going to be an important aspect in recruitment as well._

**RY** Yes, critical.

_Audience: And I think that we would eventually invest in a knowledge management system if I was going to a Chief Executive and said, ‘This is how much it’s going to cost, this is how much time it’s going to take to install an Intranet’, I’d be able to do that on an e-mail system because he could perceive the value. But what we now are doing - just one particular thing which has come from the top down, as it were - as a company which is very diverse in the things that we do, there surely is a great opportunity for somebody in the Far East to hear about future business which should be directed towards another division which maybe out of the States or out of Europe._

We had a database, which is called the ‘Incentive for Work’ database, so if referrals come through, a percentage of the fee from that piece of business goes back to the originating division, and eventually back to the employee who does it. But I couldn’t have justified that in terms of putting in a Notes database ways to achieve that.

_Audience: Okay. Clearly the business case needs to be made, clearly these are the things, like any business case, that we need to justify. Increasingly the evidence is more available to show companies and to help companies make the case internally, of what benefit KM really can provide. Knowledge management has moved from the ‘early adopter’ stage into the next stage where it’s accepted, where people are using it and the results are there to put forward a positive case._
5. New Roles and Responsibilities
Let’s just briefly look at those roles and responsibilities. Increasingly, you will see in the newspaper, as we are entering this Knowledge Age, lots of new job titles and new jobs that are being created and I suggested to you this morning that there are still a lot of new jobs yet to be invented.

In terms of implementing KM, we now have Directors of Knowledge Management. Quite a few organisations have these people now or they may be called Chief Knowledge Officer. In Ernst and Young, for example, they have a global Chief Knowledge Officer and they have Country Knowledge Officers for each country that they’re in. So, this is a recognition that Knowledge is so important to them that they have to have somebody in a senior position that is actually driving this through and making sure its looked at strategically, as well as operationally, whilst at the same time constantly improving it. They ensure that the knowledge is making a difference to the business.

Equally, we are seeing people involved in the People side and I remember meeting with the Global Director of Intellectual Asset Management. What a grand title that is! He works for Dow Chemicals, Gordon Petrech and he is responsible for the Global Organic Knowledge Base. He looks at Communities, Tacit knowledge and all things that are associated with Intellectual Capital. He also looks at the codified intellectual capital, and in Dow Chemicals they saved $450 million in the first year by better management of their patents, which they have codified.

In addition to that, we are seeing people who are involved with running Knowledge Management systems. Knowledge Managers, Knowledge Systems Managers and Knowledge Base Administrators. There are all sorts of jobs but there are three that I want to focus on which I feel are critical to implementation.
If we look at this Knowledge Architecture, it explains what the three roles are. It is important that somebody should be responsible for knowledge on an organisational level, whatever that job title may be. I’ve mentioned that the most popular are Director of Knowledge Management and Chief Knowledge Officer. It doesn’t matter what they are called but what does matter is that somebody is taking that responsibility of saying that Knowledge is a serious, strategic asset that must be managed. In fact, in some companies, that role is even embraced by the Chief Executive. It is so important to the organisation that the Chief Executive has said that they are happy to do that and it is their responsibility. They often feel that if they give the responsibility to their Financial Director or their HR Director or IT Director, they will not have the same focus. So, there must be someone moving and leading the organisation to the desired KM vision.

We are all involved in Knowledge Working. We are the Knowledge Workers that are working with our customers and working with our clients and building knowledge. We often don’t have time to do all of this, as we are too busy so what we need to do is work with new tools, technologies and systems that will help us capture the things we need to capture. This allows the KM process to take place that can capture, harvest and develop new knowledge that we can apply and use next time around.

So, the intermediate role, which is commonly called ‘Knowledge Manager’, is also critical.

There are 3 further things I want to say about this.

The first is what Nonaka and Takeuchi actually said, that when the West got rid of their middle managers, they did the worst thing they could ever do in a Knowledge Enterprise because it’s the middle managers that facilitate all the knowing and the brokering of knowledge and people. They have wiped them out in the West because with Business process re-engineering, they decided that they could cut the costs as they didn’t need them. We used to think that middle managers were just information shufflers who would tell people what to
do and write reports for senior management. We didn’t realise the part that they would play, especially in the future, in capturing, developing and harvesting new knowledge. Nonaka and Takeuchi said that when the West realises this big mistake, they will make sure that there are people who take this role seriously.

The second thing I want to say is that where the organisation is large enough and it is justified, these are full-time roles. In Ernst and Young, they have 400 full time Knowledge Managers looking after 80,000 Consultants. That’s one full time Knowledge Manager looking after 200. Price Waterhouse Coopers have got 293 full time Knowledge Managers. However, in many organisations, this is just not feasible or economic, especially in small and medium-sized organisations and so what they do is they build that role into the role of Project Manager. So a Project Manager is responsible for harvesting the Knowledge in the Project Team.

There are different ways of doing it and there is no one way is right or wrong. What you have to decide is what is right for your organisation but what is key, whatever way you do it, is that there is somebody who looks at it across the enterprise strategically, somebody(s) who takes responsibility for harvesting it and facilitating the KM process (all the 9 steps) and that the Knowledge Workers are given the right tools and systems and training so that KM becomes an effortless outcome of what they do.

Knowledge Management is not going to work if people have to spend many hours a day doing this and then getting on to their real job. Their real job is this and that’s what they are doing. I suggest to you, however, this new working concept, is not widely recognised today. Many people still look at KM as additional initiatives, rather than what their job is really about, and why they are here and why they are justified.
Moving on, it is a critical success factor to look at and recognise the way we reward our Knowledge workers. If they are not adequately recognised and rewarded, KM could fail. If time were permitting, I could give you lots of examples of how companies have actually done this. I can share one thing with you. The most important thing to a Knowledge worker is not actually the money, as important as that is. All research shows that money is only 30-40% of the equation. 60% is recognition, having the ability to learn, to become a thought-leader and to be part of the space. That’s what motivates Knowledge workers. If we don’t give the right rewards, bonuses and money, then the Knowledge workers can’t afford to be in that space. So it is critical and there are many different ways that organisations do it. I can point you in the bibliography to other organisation’s case studies if you are interested in how they do it.
Step 6. Having established the new roles and responsibilities, which is the new structure in effect, we can then implement the KM processes and technologies.
There is an increasing range of good, emerging technologies to support Knowledge Management. Video-conferencing technologies, telecommunications technologies, computing technologies and no doubt we have seen nothing yet. Over the next 10 years we are going to see some extremely exciting technologies emerging. At a conference I was at yesterday, somebody was presenting some of the emerging technologies over the next 3, 4 and 5 years which will give the new powers to the mobile Knowledge worker. It is absolutely astounding.

Technologies should support and enable the KM processes, not drive them. Increasingly, as new technologies emerge, as KM practitioners, we can see how we can best use them to improve our KM process, which is far from perfect. At least we have the KM process in place so we know what needs to be done. The aim is that we want to make it easier for the Knowledge worker and more automatic so that these things just happen automatically.
7. Measure and Improve

Step 7 in the implementation is to make sure that we measure what we are doing and improve and I have already presented to you what is happening in Knowledge Asset Measurements and Intellectual Capital Measurements. Let me also share another couple of points with you that you might find interesting in your implementation.
If I go back to the European Commission Know-Net Project which we were part of, it has been recognised that the way to categorise the knowledge (as the BSI are adopting) is by Human, Structural and Market. The Human is the people that walk in and out of the door each day. Structural is what resides in the organisation in systems and in codified knowledge and policies and procedures. Market is the Products and Services being offered.

It is interesting to note that in this research project, primarily with INSEAD Business School’s involvement, because they did this piece of work, the methodology has been developed to identify 2 things.

It’s not just about counting things, its not just about counting the number of hits, which is a good start. What INSEAD recognised is that we have to start by simply counting things to give some focus to the areas that need improving and then we need to move from what they call the ‘Stocks’ of knowledge that you count to the effective flow of knowledge. We have to measure the effective flow between people and explicit systems, between the way people are accessing Best Knowledge and applying Structural Knowledge. We can measure how effectively we are doing that. We have to measure how people are actually converting their knowledge into Market Assets. We have to measure all these inter-relationships. We have to measure the flow as well as the stock. In the INSEAD endeavour, they worked out how we can link this Knowledge Management endeavour directly to how it affects the financial assets.

If anyone is interested in that work, I will give you the reference of the Website where you can get this information from the Know-Net Consortium. But my key message is this – Measurement is about measuring stocks and flows of knowledge and the effectiveness of them.
7 Steps for Developing Measurement

1. Evaluate your strategy
2. Identify your Critical Success Factors
3. Document measurements for these CSFs
4. Identify your key knowledge assets
5. Develop IC asset measurements
6. Implement/Pilot the measurement system
7. Establish continuous review cycle

If you are interested in that INSEAD measurement, it will reveal to you that there are good ways that you can identify your measurements and how to do it by looking at the business, looking at the Critical Success Factors and looking at how to measure the critical Business Success Factors. You need to ask what is the knowledge that is important to that Critical Success Factor and how might we measure that and how might we measure and report it and how can we then continuously improve it?

Start with something simple and develop it into something sophisticated.
Starting the KM Initiative

- From buy-in to commitment, engagement & leadership
- Appoint the KM Champion (CKO)
- Select a valuable pilot area
- Develop a pilot implementation plan
- Demonstrate the KM principles and KM process
- Measure the km effectiveness (maturity model) & business benefit (business case)

Finally, before we come to our summary and conclusions, just a few words about starting the initiative and what we have learned there. My first point is this. I have already mentioned this but would like to reinforce it. You have got to have top management buy-in but you must also have total commitment, total engagement and total leadership from the senior management. I have almost got to the arrogant stage in my practice that if I identify that that is not in place then I will walk away from the engagement because I know that it is so significant.

I would rather be involved in successful engagements where people really want to do it for the right reasons than try and pretend. It is that critical. I will give you a good example of where this worked very well, a good case; Ogilvy & Mather - the advertising agency. They created their own global Knowledge Management system called, would you believe, ‘Truffles’. The reason they called it ‘Truffles’ is to reflect the rich knowledge nuggets that we are all looking for. They decided as an advertising agency that like any initiative, they needed to market internally just like they market to their clients. So they created a huge advertising campaign for their own internal Knowledge Management system. They had posters on the wall and the system was called ‘Truffles’ because their KM system was about the pigs that search out the truffles.

What is important is that when they rolled out this global system, and there is a lot of people in Ogilvy & Mather, one young man put an entry into the system, having only been there one week, in Sydney, Australia. He put a question in because he had been told that if anyone else in the world knew the answer, then they would reply. He thought that this was great and put in this little question, not expecting too much as it was only part of his induction. However, the next day, the question was replied to by the Chairman of the company. The day after that, all of the senior management around the world responded to that same question the guy had put in. What does that say?
It just shows how important it is for the leader to be seen and also be seen to do it, to engage and how this can be an influence. It is not just good enough to say – ‘Well that’s alright for certain people to use but not me’. That’s a key point.

We need a Champion, we need somebody who’s enthusiastic and who believes in it and typically it’s the Chief Knowledge Officer. You also need people who will spread the message and harass people a few times until it becomes the way ‘we do things around here’. Habit doesn’t change easily but once it becomes the way you do things then the need for the leadership and the champions is not so great.

Select a valuable area - something that if you demonstrate this, it would really show the value to your business. Demonstrate it in a small way by creating a pilot and then apply the process that we identified with you this morning – the 9 steps. If there is one primary purpose of a pilot it is to demonstrate that process and action. Out of that, you should be able to measure whether that process and action has in any way contributed towards the principles of improving trust, of improving communications, of improving learning and of improving sharing. If the pilot does that and nothing else, that’s great.

You need to make sure that you can measure this in two ways. The first way is measure how effectively you are implementing this process against the maturity model that I suggested to you earlier with weightings. And secondly, there is also something even more important to measure and that is to measure it against the Business Case you made, in particular the business benefits so that you can demonstrate that KM does makes a big difference and you must put it through the whole organisation. If you can’t do that, don’t do KM.
Agenda

- 09:30 – 10:00  Introduction
- 10:30 – 11:00  Why Knowledge Management?
- 11:00 – 11:15  Coffee Break
- 11:15 – 12:15  What is KM?
- 12:15 – 13:30  Lunch
- 13:30 – 16:30  How to Implement KM
- 16:30 – 17:00  Summary and Conclusions
Summary

- Although there are different perspectives and approaches, KM is truly a new holistic management discipline.
- We are making a turbulent transition to a knowledge economy.
- Effective KM Solutions comprise KM education, KM consulting, KM processes & technologies and K Worker skills training.

Finally, let me just draw a summary and a few conclusions with you.

We have said today that although there are different perspectives and approaches, what we do know is that KM is truly a holistic discipline. By ‘holistic’ we mean whole and we mean the entire organisation. It embraces everything and everyone. It’s the new management discipline and that’s the key message – it’s holistic.

Secondly, to remind you that, it is my belief and the belief of an increasing number of people around that world, that we are in a turbulent transition. There is a good future in the Knowledge economy and there are a lot of good reasons to get into it. In order for KM solutions to be effective, they must at least have the right education, the right Consulting, the right processes and technologies, and remember, also the right critical Knowledge worker skills. All of those 4 things need to be in place.
Summary – Why KM?

- Substantial benefits - increase sales, reduce costs and improve profitability
- High ROI
- KM is mainstream in the Global Industry leaders today
- The Global Knowledge Based Economy is the wealth creator / employer of the 21st Century
- Sustainability of Planet Earth

When we looked at ‘Why Knowledge Management?’ to summarise that, there are some substantial benefits of why we should do it. Not least of these is that Knowledge Management has dramatically increased sales and dramatically reduced costs, thereby, improving profitability for many organisations. It is well documented and Gartner have over 100 case studies, which support that. Equally, they have a lot of case studies for companies who have messed it up. Those were the Critical Success Factors that I have outlined to you today. We don’t need to make the same mistakes again.

There is a high return on investment if you get it right. That’s another good reason why you should do it. I think that BT are very pleased with their £85 million saving last year. That is extraordinary but there are other very high returns on investment that have taken place. If you are looking at Knowledge management to improve operations and efficiency, you should be able to get a good return on investment. If you look at Knowledge management to transform the organisation and use knowledge strategically and competitively, you can get massive returns on investment.

But why do KM? Well, today for global industry leaders it is mainstream. If we look at the Most Admired Knowledge Enterprises today, it's not something they are going to do, it is something they have done and they are the industry leaders, not surprisingly. It's a good reason to do it. Look at your industry and look at who in your industry is doing KM and see if there is something there that is of benefit to you.
The other reason is that the global Knowledge-based economy is the wealth creator and employer of the 21st Century. I’m not so sure that the word ‘employer’ is correct because more and more people will become engaged with many companies, so work contracts are dramatically changing. It is reckoned that in the next 10 years more and more people will be working with portfolios of companies and not just one company. The workers will decide what they, as individuals, want to do with their lives, whether it is working partially with lots of different portfolios, some of which are earning money, some of which are charitable or exploring other areas that will give you what you want out of your life. It was Professor Charles Handy who first came up with this notion that people are all moving towards portfolio work.

It is courageous. Some people would rather work with the same organisation all of their lives but in the western world that’s changing dramatically. I would suggest that the global Knowledge economy is going to provide employability or engageability with the ability to create wealth more than any other sector. Also, I think another reason we should do it is that it makes a good contribution to planet earth. I’m much happier with the idea of creating wealth and earning a living through bits and bites on my computer than chopping down a rainforest.
Summary – What is KM?

- 6 KM Generations – to Holistic KM Solutions
- Accelerated Knowledge capture, transfer, usage and creation
- New value creation through both naturally flourishing communities and collaborative teams, and collective, systematic processes and technologies
- 9 step KM Process and Maturity measures
- Knowledge Asset management
- Agreed Common Approaches and emerging Standards

What is Knowledge Management?

I think we can say that there are 6 generations of Knowledge Management. It started off with information technology only. It then moved towards communities and people, and moving towards recognising that there is a KM process we can embed. Progressing further, it has been recognised that it is moving the KM process right across the enterprise, right across into inter-organisation, and now we are recognising the importance of personal Knowledge Management which leads to good enterprise KM. Ultimately, we can say that it is holistic and the solutions need to be holistic.

We looked at how we can now accelerate the capture, the transfer, the usage and the creation of Knowledge. Knowledge management is accelerated knowledge capture, retention, transfer and application. Knowledge Management enables us to create new values, both through the recognition that there are naturally flourishing communities and collaborative teams and that there are collective systematic processes and technologies. It’s not either/or, but both.

We saw the 9 steps of the KM process and how we can see how well we are doing in implementing that process with the Maturity Model and measures. We saw that it could also be treated as another discipline with the identification and measurement of Knowledge Assets.

Finally, Knowledge Management has got to the stage now where agreed common approaches and emerging standards are becoming a reality.
Summary – How to implement KM

- Only engage KM consultants who demonstrate KM
- The KM Principles and CSF’s are well known
- Focus on sharing the critical knowledge
- 7 steps to implementing KM
- New roles and responsibilities, rewards and recognition
- Engagement and Leadership at all levels is critical
- Measurements and continual improvement is key

When we looked at how to implement it this afternoon in summary, my key message was to only engage Consultants who demonstrate KM. I think that, that is critical. We know the KM principles better now, through companies, like General Motors – Trust, Communicate, Learn and Share – ideals that we need to work towards. The ‘Most Admired Knowledge Enterprises’ of the future will be those that get that right. We know what the Critical Success Factors are now and they are very well known.

By the way, if anyone wants to take that survey free of charge, it is on the Home Page of our Website and you can go through the 43 questions, which takes approximately 15 minutes, and for doing that, it will instantly come back and show your perception on the screen. I think at the moment we have got hundreds of different people around the world from many different countries filling this in their industry sector, so we have got some good information that we can start to push back.

In how to implement KM you must remember that the focus should be on sharing what is critical, not sharing everything. There are 7 steps to implementing KM. We had a quick look at those and they are very useful to consider during your implementation strategy. There are new roles and responsibilities. You also need to be aware of correct rewards and recognition. More and more companies today, especially those that are implementing KM, have built into their appraisal systems ways of continually assessing with people how effectively they are contributing as knowledge workers to the organisation and what opportunities the organisation needs to create for them to be able to learn better and develop.
We saw finally how important engagement and leadership is. I want to make the point here that it is not just at the top level, it is at all levels. Knowledge Management ultimately becomes a personal responsibility. It is about personal responsibility and personal leadership. The mirror is turning from dependability on what the employer says to recognition that it is what we all do. The employers are really just entering into a ‘win-win’ relationship, which provides benefit for both. We recognised that the measurement and continuous improvement is key.
Finally, in the last few slides, the bottom line, in summary, is that for KM to be successful it has got to be simple. It has also got to be intuitive and have an immediate benefit and return. This is the challenge to KM Systems Designers, KM Architects, KM Technology developers and its still got a way to go but ultimately, it has got to be simple, effortless, intuitive and people have got to see the immediate benefit. I suggest that the better KM systems and strategies today are delivering that but not all of them.

The bottom line is that it has got to be something that takes us from individual knowledge to collective knowledge that’s available for the benefit of everyone. I would suggest that this is a key challenge. We are used to the idea of individual knowledge and the idea of working in teams but this notion of collective knowledge is still new.

The bottom line is that it has to be something that we feel that we can share new ideas and experiences because that is the essence of what we do as knowledge workers. It also has to be part of the daily work so there is no further effort. KM fails if it is seen as extra effort and an extra thing to do. We have learnt that. It has got to be what we do and why we are here and it has got to be easy and intuitive.

It has got to be something that enables Knowledge workers to become more productive and hopefully highly productive, coming back to our friend Drucker. I hope you agree with me that what we have looked at today is a good step forward towards Drucker’s vision of making Knowledge workers more productive. What we have looked at today makes more productive Knowledge working but we have got a long way to go. It has, of course, got to be highly effective for the organisation. The Knowledge workers have got to feel it is beneficial and so has the organisation.
This slide shows you how we have tried to encapsulate some of the things we have been talking about today in our own system and tools. Let me just briefly show you how it works.

A Knowledge Worker is typically presented with this on the desktop. What the Knowledge Worker sees instantly on the left-hand side is a few things.

By clicking on this ‘What’s New’, the Knowledge Worker will be presented with anything new that has been entered of importance to you, so if someone has entered something somewhere – a new idea, a discussion or learning, you don’t have to go trawling through to see if anything new is there. This simply presents it to you and if you are interested you can click on the item in the list and you can read it. So that’s a very quick way of keeping up-to-date with ‘What’s New’ and that’s important.

If the Knowledge worker wants to know ‘Who’s Who’ in the organisation (this is extremely important when you get to a certain number of people), the ‘Who’s Who’ component can be used. If you want to talk to an expert outside of your own work group, this component will present to you a list, categorised by the levels of expertise, categorised by the country or industry sector or however you like. In a way, it is doing the job of ‘Best eXperts’.

I referred to the KM process and how through capturing Learnings, Ideas and other important elements, we contribute to this and you do this through your ‘Work’. If you were to click on ‘Work’, it would present you with the Projects that you are involved in. You then go into the Project space that you are working in. Here you work with other team members who are working in this space and that is where learnings and ideas are captured, as it happens in the work, together with regular After Action Reviews and other harvesting techniques. The result of that process that is going on behind is that you end up with the best explicit knowledge available that is continually being improved. So when you start something else, and by going to the Best Explicit Knowledge first, you can apply that and creatively exploit it, if we take the GlaxoSmithKline approach. You don’t robotically apply.
If you can’t find what you need in the Best Knowledge we have in the organisation, then you can go to the Best Expert. The reason it is sequenced this way, if we go back to Drucker’s desire to be productive, is that we have learned that it is not that productive to just call up the Best Expert whenever you have got a question. We are all by nature pretty lazy, it is easy to pick up the phone but as a result, the poor old Best Expert’s productivity goes out of the window. Suddenly everyone in the organisation wants the most stupid, simple, trivial questions answered at the same time 300 days a year and this is why Call Centres emerged of course.

Knowledge workers need to learn how to go to the Best Knowledge first to find what they can and see if it has been solved before. Only, if and when, they can’t find what they need, they go to the next stage and that should be captured, learned and fed through as new knowledge. I think that has a major impact on product development.

The other thing I thought you might be interested is a box here which we learned from Siemens. The very first quick win that Siemens implemented with KM was a simple ‘Urgent Requests’ component. There are a lot of people and knowledge in Siemens and if anyone puts an Urgent Request in, everyone in Siemens gets it. You don’t have to respond to it, you can ignore it but if you feel inclined and if you want to, you can respond to it. Typically, they found that 50-60 people would reply to any Urgent Request.

The big difference is that in the past you had to know who to go to, in order to get the knowledge. You needed to know who to know. In these systems, you don’t need to know who to know at all. All you need to do is ask the question. If, across the organisation, it is known, then somebody might tell you the answer and I think that is important.

With the KA News Desk, the organisation can formally broadcast stories and news events what is important for people to know. Whereas, with the Grapevine, the organisation can informally chat about what it wants to chat about, including what’s on the canteen menu today. So you have the formal and the informal communities and the ability to leverage the knowledge. It is very simple, very quick and very effective.

These sorts of workspaces are becoming more common. There are many technology vendors offering similar things to this, which are trying to combine what I have been presenting today. They are combining the codified approach but also recognising the tacit knowledge and the experts. They are combining spaces and project places to go to work in and for people to collaborate better. Behind them, there is a process to capture learnings and ideas as they occur in the organisation and to harvest them and turn them into better knowledge and better people.

I suggest to you that we will see more dramatically improved tools for Knowledge workers over the next 5 to 10 years.
It was McKinsey who said, ‘we don’t sell Consultants any more, we sell the entire organisation through our Consultants’. They said, before they did Knowledge Management, it was as good as the Consultant who came to see you. Now they do collective Knowledge Management, the Consultant, now, brings the organisation to you because the Consultant is part of a collective, not just an individual. I think that makes a big difference.
Finally, I thought I would share a few trends with you that have been recognised. This shows where KM is going from here and what is to come next.

The first is the large organisations that have been doing KM for a long time globally all have in place what they call Global Virtual Knowledge Centres. Ernst and Young have a European Virtual Knowledge Centre. All of their European Knowledge Workers go to this space. It is not just a website. It is a place to communicate, collaborate on work, it is a place to learn and a place to share. They have a USA Knowledge Centre and an Asia Pacific Knowledge Centre. Some organisations, like Ogilvy and Mather say that they will just have one global Knowledge Centre but it is a trend. The trend is moving to centres of knowledge. Global Knowledge Centres have been on the agenda now for a few years and now they are starting to emerge.

There is a trend towards Knowledge Workers packaging their knowledge and selling it over an exchange – a website, just like the Stock Exchange or a coffee exchange. You can go onto a Stock Exchange to buy and sell shares, you can go onto a coffee exchange to buy and sell coffee and a Knowledge Exchange will operate similar to that. There are 17 global Knowledge Exchanges on the web now as I speak where Knowledge workers are packaging pieces of knowledge and putting it on there for others to buy. The interesting thing is, that it has a Market for it as well. This is very interesting for the way we will work in the 21st Century.

Inter-organisational Knowledge Management has been recognised to be one of the key trends by Gartner. They are now saying that this is where the leading companies will be putting their effort in, this year. They have moved away from doing it internally to doing it internally and collectively.
There is a saying that was said by McKinsey at the conference this week; ‘A bonded customer is worth more than 20 ordinary customers’. By getting your customers to be part of your inter-organisational process, they become locked in and they will want to stay with you as they are bonded. It becomes more difficult for them and they become more reluctant to want to change to another supplier, providing that what you are doing is demonstrating value.

Another key trend identified by the European Commission, is the recognition that we now have to turn the focus very much to the benefits of Knowledge Management for small and medium sized enterprises. That is not to say that we have finished with large organisations. It is just to recognise that, as well as the large organisations, these small and medium sized ones are important too.

The European Commission has a great interest in trying to make Europe more competitive. It has decided that it will put vast amounts of help and support money behind SME’s so that they can compete and become large organisations in the global economy.

The issues for an SME are quite different from those of a large organisation. Unlike, Hewlett Packard, a small company knows what it knows, everyone trusts one another, everyone knows one another, everyone knows what’s going on but they have still got to compete in the Knowledge economy so their KM systems and tool and strategies are a key trend for these next few years.

Personal KM has been recognised as key. We have already mentioned that and I think we are going to see a lot in that area.

Common approaches and standards is a key trend driven internationally. The BSI are very active, the European Commission is very active. The International Standards Board, ISO (ANSII) in America is very active, the Australian Knowledge Management Society has already published its standards. It is a key issue.

I welcome this and the reason I welcome this is because what it does is it takes the confusion out of the market place and it takes the hype out of the market place. We have seen a lot of people jump on the bandwagon, claim to do Knowledge Management and not deliver. People have got disillusioned, people have run away and people have got confused. By having common approaches and common KM standards, at least the SME or the multi-national knows some basics. It is good for the industry, its good for the technologists who will comply with those standards. It is good for the Consultants and practitioners; it is a key trend.

A final key trend is accreditations. I am glad to say that the academic community have now recognised Knowledge Management as a key discipline and they are now awarding academic accreditations. Sheffield Hallam University, who we are working with, have been running an MSc in Knowledge Management for over a year. This year they have engaged us to work with them to offer KM, from September, this year, for academically accreditation, so you can actually study our education and methodology and get some points towards an MSc.

In Singapore, we are working with the Singapore Technology University that have taken our method and approach as accreditation towards a degree. INSEAD Business School have accredited KM. In America, the Global Knowledge Economics Council offer two degrees online –an MSC in Knowledge Management and an MSc in Knowledge Science. You can study these things and get points towards your MSc’s and take them across. The point is that the academic community has embraced Knowledge Management as a discipline to teach and you can get accredited for it. I think that’s a key trend this last year.
So let me take you back to where we started. I hope that you feel that you have got some value out of today and now have a better insight into KM. I hope that you can also see that KM is about collective knowledge. Collecting people together is the start.

KM is about collectively collaborating. This is step 4 on our KM process map. It is about capturing learnings, and it's about innovating and harvesting. It's a key challenge to get people to collaborate, learn and innovate together.

KM is about rapidly and continuously harvesting the daily crop of new learnings and ideas right across the organisation, so that we can better develop collective knowledge. This is the key process. When I say better collective knowledge, I mean two things. One is to develop better eKnowledge, codified knowledge which is critical knowledge. The other is to develop better organic knowledge in the heads of people.

Finally, it is about focussing and applying all of this towards achieving your objectives. Some say, like a laser beam.
“Knowledge Management is the means to create wealth in the connected global economy.

Organisations that manage their critical knowledge assets wisely will dominate the 21st Century”

Knowledge Associates

So I am going to wrap up now by saying that we feel that Knowledge Management is the means to create wealth in the connected global economy. We have been on record for saying that for quite a while now. I am proud that in the front of the BSI Guide to Good Practises, we have our quote from Knowledge Associates, that;

‘Organisation that manage their knowledge assets wisely will dominate the 21st Century’.
Seminar Objectives

- Define Knowledge Management
- Discuss the strategic benefits to the organisation
- Identify the Critical Success Factors
- Provide a high level KM framework
- Present the steps to KM implementation

Your expectations?  
Questions?

I hope that you feel we have achieved the objectives. I hope that you have a better definition of what Knowledge Management means to others and what it might mean to your organisation. I hope you have got a better feel for some of the strategic and operational benefits that KM brings to an organisation and you better know what the Critical Success Factors are. Also, you have now looked at some frameworks and steps to implementation.
That's it. You can all go home now folks.