

Achieving successful knowledge management initiatives

Turning knowledge into action and creating business benefit

Knowledge management has received a great deal of attention in recent years in books, magazines and conferences. A growing number of companies have put knowledge management on the agenda but struggle with questions such as: Is it really new? Where should we start? What could be the benefits? How should we organise it?

Knowledge management is not rocket science, it is about smart ways of working and smart businesses. Knowledge is worthless unless people turn it into action and apply it for business benefit. This requires conditions for employees under which they are able to develop and apply their knowledge in an optimal way.

Smart businesses know how to:

- share knowledge across 'borders' (functional, divisional, regional and cultural) in order to improve business performance;
- learn before, during and after activities to increase efficiency and effectiveness;
- learn from colleagues, customers and other parties to improve products and processes.

Knowledge management initiatives should address these three main characteristics of smart businesses and contribute to a continuous improvement of ways of working, infrastructure, systems and processes. The main question however is: How can we do that in such a way that our initiatives really have impact and, most importantly, will last after the first three months?

In this chapter we would like to discuss the lessons we have learned from ten years of experience working in the area of knowledge management for worldwide operating companies and also small to medium-sized enterprises.

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Assumptions underpinning our perspective on knowledge management

In order to describe our perspective on knowledge management we have identified eight statements that describe the underlying assumptions:

- 1 The main objective of knowledge management is to arrange, orchestrate and organise an environment in which people are invited and facilitated to apply, develop, share, combine and consolidate knowledge. Primarily it should focus on creating a vision of knowledge and related processes in the business, and fostering an environment that supports the creation of smart businesses and ways of working.
- 2 Knowledge management needs to focus on business challenges of the organisation, otherwise it becomes the domain of professional hobbyists. The focus should be determined by both the objectives of the organisation and the personal objectives of people inside it, and needs to be directly related and contribute to such desired results as cost reduction, customer or employee satisfaction and quality.
- 3 There is no right or wrong answer to the question of what knowledge is. What is most important is to choose one definition and be consistent in using it. We have chosen to consider knowledge as something that is in people's heads and leads to action. When it is made explicit we call it information or data. But knowledge management is about nurturing 'tacit' knowledge and smart use of information (knowledge made explicit) at the same time.
- 4 Knowledge management is an aspect of the total focus of management in organisations. Knowledge management is not a goal in itself, but mainly a way of looking at reality in organisations to come up with (different)

challenges, threats and solutions.

- 5 Knowledge management objectives are derived from and rooted in the strategic intentions and ambitions of an organisation in its entirety and formulated in terms of knowledge processes necessary to support these ambitions.
- 6 The discipline of knowledge management has not produced any new instruments by itself. The value of the discipline is in bringing together and creating synergy between knowledge management-related disciplines and their methods and tools. Primarily, methods and tools are derived from disciplines such as business administration, communication science, organisational psychology, sociology and information technology.
- 7 The deployment of knowledge management involves a considerable internal process of change in an organisation. Roughly 80 per cent of the implementation and realisation of knowledge management consists of the familiar problems, pitfalls, risks and conditions known in 'regular' processes of change. Organic growth in 'new ways of working' inspired by knowledge management principles allows change to happen at a realistic speed.
- 8 The objectives of knowledge management can differ considerably, both between organisations and between departments. A vision of knowledge management should always take into account the nature of the (relevant part of the) organisation and its strategic intentions and ambitions. Therefore, there are no blueprints for knowledge management and corporate-wide knowledge management plans should allow localisation as much as possible.

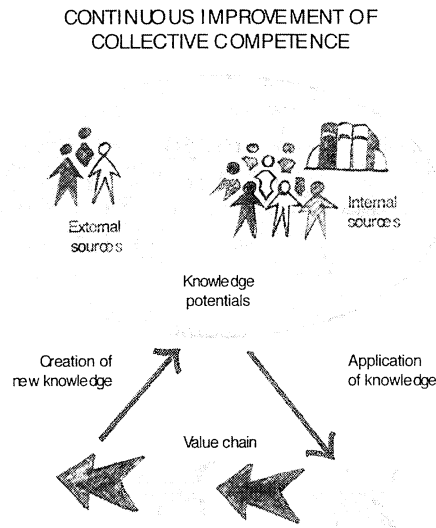
What should knowledge management deliver?

Knowledge management should balance its activities in order to support two basic processes, as depicted in Figure 1: the use of existing knowledge and the creation of new knowledge. When applied optimally, knowledge management allows better exploitation of existing knowledge (in support of existing operations and supply chain management), as well as faster and better creation of new knowledge in support of innovation.

Common products of knowledge management initiatives include the following:

- Processes and tools for connecting knowledgeable people dispersed over several units, locations and different time regions (Who can help me with this problem? Who did this before?). Shell has funded 150 communities of practice in which instrumentation engineers help each other to solve problems. They are supported by Websites, editorial help and facilitation.

Figure 1



- Processes and tools for corporate-wide accessibility of information about best practices, guidelines, experiences, good ideas, results of teams and projects. Arthur Andersen has created the Knowledge Space, an intranet environment incorporating an enormous wealth of tools and captured experiences of past projects, which can be accessed by its employees but also its customers.
- Learning tools for teams and individuals in order to improve the performance of projects and team activities and to bring the learning perspective into 'ways of working'. According to Kent Greenes, head of BP's knowledge management team, BP has created several tools for team learning, including peer assists, after-action reviews and retrospects.
- Inventories of knowledge areas to answer questions such as: What are the relationships between processes and key knowledge areas? Which parties/individuals own this knowledge? 'Knowing what you know and what you don't know' is a prerequisite for proper strategy formation. According to David Smith, head of Unilever's Knowledge Development, the company investigates where knowledge resides in relation to the value chain.

What are the keys to successful knowledge management?

The research and projects of Kenniscentrum CIBIT demonstrate that the main keys to successful knowledge management programmes are:

- 1 Consistent and clear focus based on company strategies and relevant business drivers.
- 2 Effective enablers focused on the empowerment of employees.
- 3 Effective change management sponsored by top management.
- 4 Effective management of the knowledge management programme.

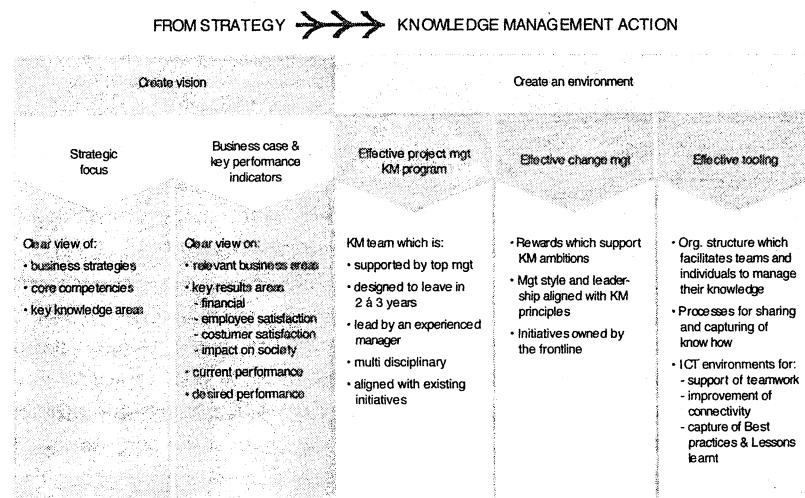


Figure 2

Consistent and clear focus based on company strategies and relevant business drivers

Knowledge management is a means and not an end. It should be part of the 'natural' way of managing operations, units and companies and therefore be integrated into the daily work of responsible people.

Knowledge management programmes should be focused as much as possible. First of all, they should be aligned at strategic level. They should support major business strategies and allow transformations such as mergers or entrances to new markets to be more successful. Knowledge management is a tool for change and the direction of this change must be clear in order to support it.

Secondly, knowledge management programmes should be focused at the level of corporate performance measurement. Results are required in the areas considered to be crucial for the success of the company. Therefore, it is important

that current and required performance in areas such as finance, customer satisfaction or employee satisfaction are leading drivers for knowledge management programmes. Alignment with existing business excellence initiatives is considered to be a significant driver for success. Various models can be used, such as the model for Business Excellence of the European Foundation for Quality Management (EFQM) or the balanced scorecard. In Figure 3 the relationship between the EFQM model and knowledge management is depicted. Knowledge management is considered to be part of the enablers that should have an impact on the company's results. If this cannot be demonstrated within a reasonable timescale, the effectiveness of the knowledge management programme should be questioned.

Figure 3

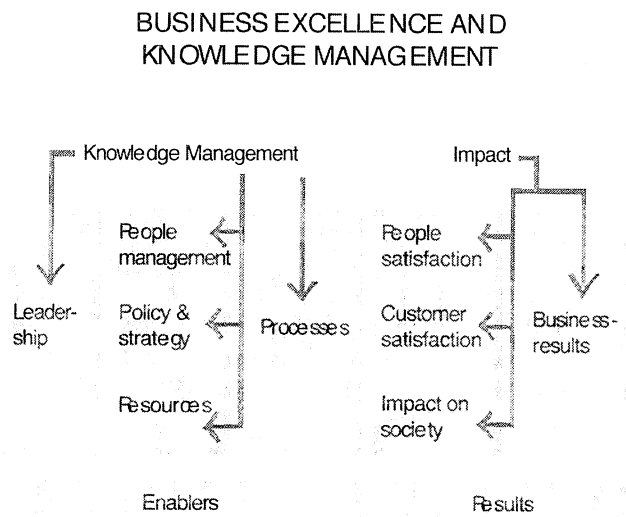


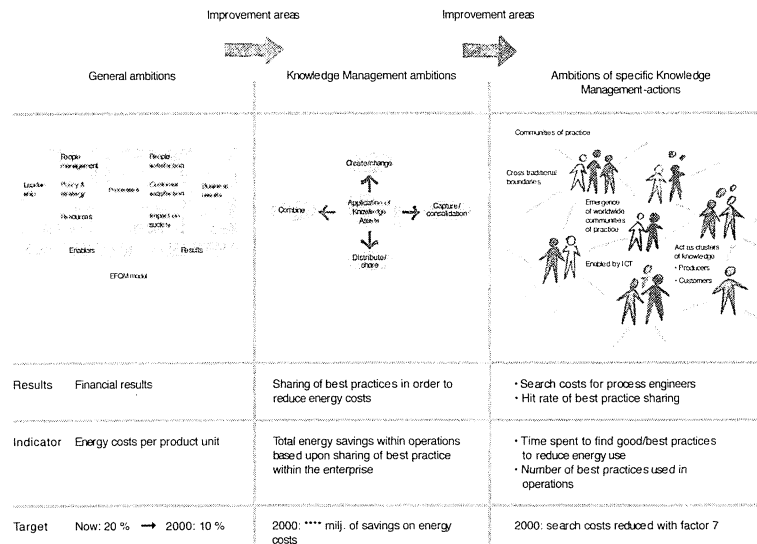
Figure 4 shows a model for balanced measurement of knowledge management based on a cascade of general ambitions and key performance indicators into specific objectives of knowledge management initiatives.

Effective enablers focused on the empowerment of employees

Knowledge management initiatives build on various tools and techniques to achieve their objectives. Experience shows that they should focus on managerial, human and IT issues in order to change ways of working in the desired direction.

Relevant enablers can be grouped in three clusters:

Figure 4



Processes to:

- perform project evaluations and to capture their outcomes, lessons learned and anecdotes;
- connect to people who could provide knowledge or who could be supported by knowledge;
- perform content management on company resources such as intranets, libraries, quality procedures, best-practice resources.

Structure and roles to:

- leverage the capabilities of teams and individuals to work with knowledge management tools;
- facilitate teams and individuals learning and improving ways of working.

Tools to:

- connect people on a worldwide scale (intra-/extranets);
- search for relevant resources (people, documents or other media);
- capture lessons learned for later use by other employees before, during and after operations;
- improve analysis of data and other outcomes of work.

Effective change management supported by top management

Trying to change the way people work without explicit attention to change management can be a hazardous game.

Take for instance sharing best practice. People develop a sense of pride if it is their best practice that is going to be shared, even when sharing the best practice means that they are perhaps losing their competitive edge compared to the other units in the organisation. But what about the organisational unit that has to adopt the so-called best practice? The explicit message is that they are under-performing and that someone else is doing much better. This might create resistance because of the well-known not-invented-here syndrome.

In these cases one should not only have to pay attention to the content, but even more to the process of sharing best practice. How do you motivate people to share best practices? How do you motivate people to adopt best practices?

In our experience, knowledge management initiatives should incorporate effective change management focused on:

- 1 Getting the business case right, in order to get senior management to support the initiatives by word and deed.
- 2 Ownership of the initiatives by the line and the people on the shopfloor.
- 3 Strong support of local initiatives, even when they are not completely in line with the corporate knowledge management programme. It is far easier to adjust course when a unit is already moving than to get it to move in the first place. Use and cherish the available energy and motivation.
- 4 The 'What's in it for me?' question. You can't force people to learn or share precious knowledge. You have to motivate them, even seduce them, show them the importance and reward their sharing activities. Develop an appropriate reward and incentive scheme to get the message across that knowledge and learning are crucial to the sustainability of the business.
- 5 Let better results change the culture. If people see that better results are achieved by using knowledge management principles and its related enablers, the culture will change in favour of it. As we have stated earlier, focused actions to achieve better results in relevant areas should be the starting point of your initiatives. Knowledge management is a tool for change! If you believe that the culture should change first before you can apply knowledge management effectively, you are missing the point.

"In our experience knowledge management initiatives should incorporate effective change management"

- 6 Effective communication of success stories. The direct output of knowledge management is difficult to measure, but the outcomes, the business results, are sometimes clearer. But you have to create stories and heroes because in many cases they will not emerge without help. Use them to motivate people to participate.

Effective management of the knowledge management programme

Knowledge management initiatives should be designed as projects with a start and, more importantly, with an end. We believe strongly in temporary knowledge management taskforces that have the responsibility to initiate, educate and connect. The main objective is to build competencies on the shopfloor that empower people to improve their work and leverage their performance. Knowledge management taskforces should be multidisciplinary and complementary to existing initiatives in the areas of IT, internal and external communication, quality and innovation. It goes without saying that the taskforce should be led by an experienced person who has enough status to open doors and to put knowledge management 'on the agenda'.

The following lessons can be learned from the past and we believe can help knowledge management taskforces to be more successful:

Invest in personal communication

Visits to managers and project teams should be the main part of the knowledge management taskforce agenda. Face-to-face meetings, workshops and training sessions are important events at which personal relationships are built with the people who should support and adopt your ideas.

Educate, educate and educate

Your main objective is not to build your own competencies in the area of knowledge management, but to help other people to do so. Of course, in order to become a teacher you have to learn yourself, which requires a period of trial and error and learning from others, but as soon as possible your focus should be on transferring your competencies to others in the company. One of the main products of a taskforce should therefore be training materials that support individuals and teams in integrating knowledge management principles into their ways of working.

Create a network of change agents

Especially in large corporations, a small knowledge management taskforce needs friends. Spend time creating a network of 'locals' within business units, companies

or departments supporting your initiatives and take care of local activities. Of course, you would like these people to take over when the knowledge management project is finished.

Stimulate networking around common issues in the company

As we have stated earlier, one of the main characteristics of smart businesses is that they know how to exchange knowledge across borders, whatever these borders may be. Our advice is to search for opportunities to cross borders, because that's where the main benefits will be. Stimulate existing initiatives of people who start working together in networks coming from different functions, regions or units. Facilitate them and make them successful. It is much easier to connect to initiatives that are owned by the people concerned than to initiate a complete new initiative and try to sell this to the people who should be involved. We believe it is far more effective to leverage the performance of existing initiatives and to use these as a role model to initiate others.

Deliver!

People at work are overwhelmed with ideas, concepts and new frameworks. Some of them will follow everything as long as it is new (the pioneers), some of them will wait and see (the silent majority) and some of them will never change their way of working and resist everything new. Your ultimate challenge is not to convince the pioneers but to connect to the silent majority. This cannot be done by 'big words' or bright conceptual thinking, but only by delivering tools that really work and make life easier for the people involved. Deliver tools that make it easier to find other people in the company, to find useful documents and to store output in an easy way. Develop tools to help people implement new ways of working without losing their own 'identity'. Make things that remain when you are gone.

Be responsible and serve others

Knowledge management pioneers achieve a balance between 'push' and 'pull'. On the one hand they need to convince people that knowledge management principles can make their life easier; and on the other hand they need to connect as much as possible to bottom-up initiatives owned by the front line. Finding a balance between these two 'modes' is not easy and many knowledge management pioneers become frustrated because they feel that the adoption of their ideas is too slow. However, patience is an important virtue. Sometimes you have to lead and sometimes you have to follow.

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