



Making Sense of It All...

Working Knowledge – WK-1

How Organizations Manage What They Know

[And What They Don't Know... Yet]

And

The Promise and Challenge of Knowledge

Management – KMT – 1



Working Knowledge - Introduction

- State of the KM movement – fad and back
- Implementations of KM
- Current Trends – Publications etc.
- From Data to ‘Human Interaction’
- Communities hold answers... do they?
- Looking beyond technology...
- Cultural and organizational change...
- Technological Innovation



Working Knowledge - Introduction

- So far... KM projects... plateau
- From redesign to business model innovation
- Integrate with strategy, process, culture, behavior
- Link K to Business Strategy
 - K is the product
 - K is not the product
- Link K to Work Processes
- Link K to Culture
- Link K to Behavior
- Link K to Physical Business Environment ?

Working Knowledge - Introduction

- Why interest in Knowledge?
- Why now?
- When K walks out the door with people
- Can technology replace K ??
- From D, K, I to Insights
- “Organizations that know how to do things”
- Performance focus – metrics



Data, Information, Knowledge

- Data is not Information
 - Discrete, objective facts about events
 - Deprived of context, action, performance
- Information – has **relevance** and **purpose**
 - Data that makes a “**difference**”
 - **In What? For Whom? How?**
 - Contextual, Categorize, Analyze, Correct, Condense
- Knowledge derives from minds at work (Chrysler)
 - Comparison, Consequence, **Connections**, Conversations
- **Knowledge** lives in **Action** and **Performance**

K to A – Some Case Studies

"The wise see knowledge and action as one." - *Bhagvad-Gita*

- Chrysler Engineering Books of Knowledge
- Andersen Consulting Knowledge Xchange
- US Army Center for Army Lessons Learned
 - “ground truth” from ‘up close’ interactions
 - After Action Review program **

K for A in [e-]Business Context

“4Cs” of E-Business

- Commerce
 - Shopping, purchasing, payment, **transaction**
- Content
 - inform, get feedback, Q&A, opinions, ratings, rankings
- Community
 - learning, sharing, interaction, fun, ‘**addiction**’
- Control (Interactivity)
 - configure, compare, comment, communicate, ...

K for A in Content Distribution – P2P Style

- “Businesses that can create a community around peer-to-peer networks or find ways to leverage the raw computing power on corporate or public networks may be building the Web's greatest offshoot.”

- InfoWorld

K for A in CRM & Knowledge Management

“CRM is rapidly evolving from being a technology-centric project to a business-value effort. And companies are moving from viewing customers as exploitable income sources to treating them as assets to be nurtured. This is a critical trend that represents the use of knowledge-management practices to build long-term customer relationships.”

Information Week



Too Little 'Knowledge' is a Bad Thing? Certainty and Clarity May Spell Trouble

“The illusions of accuracy can be created if people avoid comparison **[and contradiction]**... but in a dynamic, competitive, **changing environment**, illusions of accuracy are short-lived and they fall apart without warning”

Challenge of “adaptive knowledge” that does not easily get obsolete – More in [3 Myths of KM](#)



Too Much 'Knowledge' is a Bad Thing? Knowledge Degradation Through IT-based-Glut

“We’ve got so much knowledge (not to mention a lot of data and information too) in our **Knowledge Xchange** repository that our consultants can no longer make sense of it. For many of them it has become data.”

Knowledge in Action is About...

- Experience... evolving... adapting
- Ground Truths... What “really” works
- Complexity that can unravel certainty
- Intuition or compressed expertise
 - “internalized responses” or scripts – adaptive
- “K is about beliefs and commitments” NT
 - The Chinese characters about Threat and Opportunity

Knowledge in Action is About...

- Corporate Asset that lives in human minds
- Globalization – increasingly shatters the ‘status quo’
 - From vertical integration to a virtually networked transnational enterprise
- Product and Service Convergence
 - Virtual Products and Services
 - Differentiating CVPs from Commoditization
 - Intangibles that add greater value to CVPs
 - **Convergence across industries – new CVPs**

Knowledge in Action is About...

- Sustainable Competitive Advantage
 - “As technology transforms the logic of competition, technology disappears as a sustainable source of competitive advantage” – Same O’ Same O’
- Quick replication and duplication of I and IT (ATMs)
 - How can you differentiate and sustain your lead
- “The half-life of innovation is getting shorter and shorter. A couple of years ago we thought we had established a definitive lead in service to our customers. Now it’s become the industry standard.”
 - CFO of VF that sells Lee jeans

Knowledge in Action is About...

- Obsolete your own 'cores' before they become non-cores
- "Life cycles are short and we want to obsolete our own products before competition does."
– Director of Quality Improvement, Analog Devices

KM is "obsoleting what you know before others obsolete it and profit by creating the challenges and opportunities others haven't even thought about"

- Y. Malhotra [cited in US Navy Presentation in Japan]

Knowledge in Action is About...

- Being small and agile – knowing what you know
 - Top Limit 200-300 people
- Large global corporations – often do not know what they know
- Computing, Communication, and Storage capabilities of computers and communication networks
 - E-Mail, Groupware, Internet, Intranet, Multimedia
 - But, Medium Does Not Guarantee There Will Be a Message

Replacing Robots with Humans

For Adaptability, Agility, Improvisation....

- “Before, we ended up using people as robots. But now we must use their intelligence. Using robots was good, but now we’re discovering that using people is actually faster.” – President of NEC, Japan
- “Payable clerks are blessed with intuition, memory recognition and the ability to make educated guesses. Computers are dumb and dumber in these areas.” - President of a Accounts Payable Consulting Firm

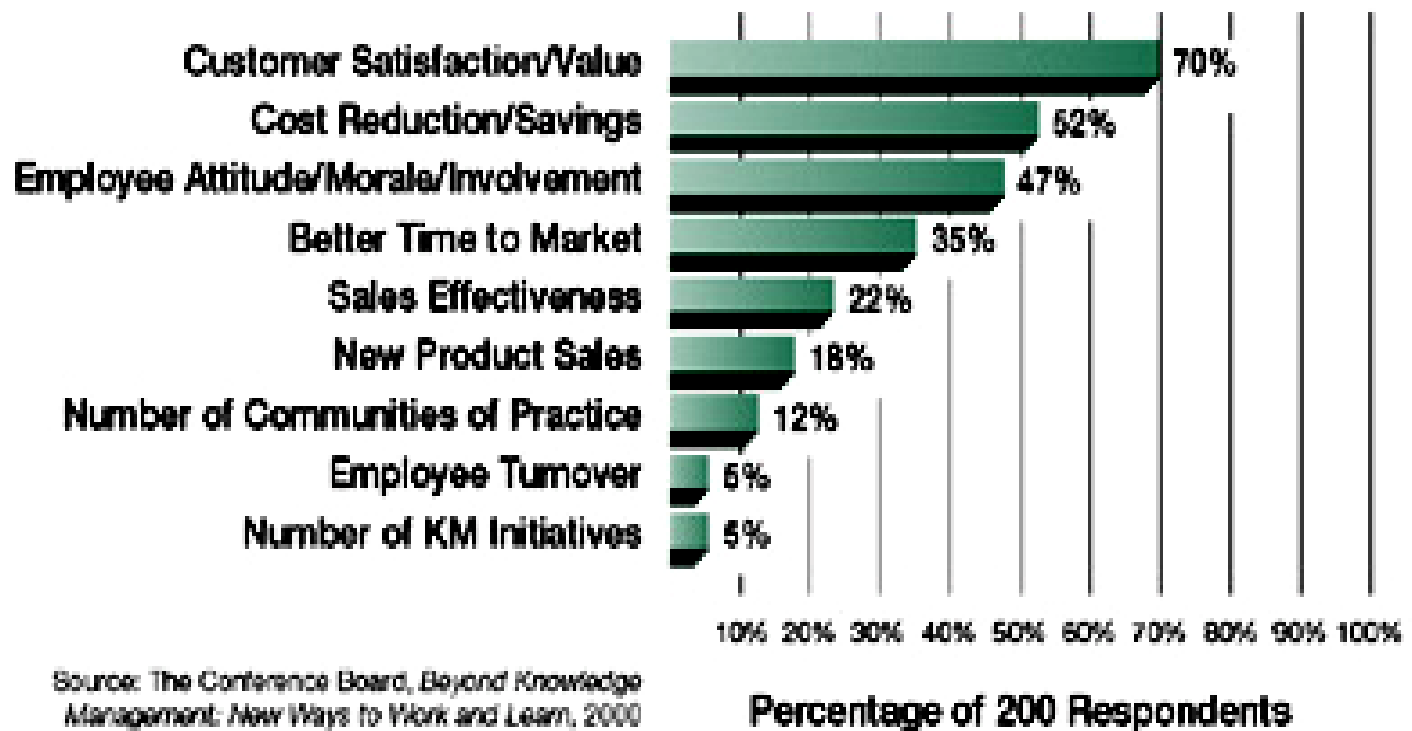


Knowledge in Action Case on BP

- Connecting Minds with Other Minds with Help of Machines – Network of Minds
- Face-to-Face enabled by Hi-Tech – Virtual Relations
- Focus on Communication and Collaboration
- Top management championed and supported ???
- Pilot Programs used to build larger KM programs
- Performance Outcomes Need to Drive KM
- Specific Goals with Potential to Adapt in Situ



How Organizations Measure Knowledge Management Effectiveness



Findings from KM Industry Surveys

KIA 4

- Competitive advantages of KM: "buying patterns, relationships with customers and trading partners, best practices, new research ideas and lots more"
- Intellectual Assets account for greater portion of value of companies
 - 78% total value of S&P 500 (PWC, 1998)
 - 66% total value of S&P 500 (PWC, 1995)
- 80% of GDP is in services, where most output is Knowledge-based
- [Tools for DIKW](#)



Findings from KM Industry Surveys

- How KM Contributes to **Employee Performance**
 - Manage attention in face of ‘info-glut’ ???
 - Search and retrieval technologies (re: KIA 1)
 - Reduced search time and expense
 - Improved quality of decisions
 - Repositories of ‘corporate memories’
 - Knowledge reuse and reapplication (HP - wk)



Findings from KM Industry Surveys

- How KM Contributes to **Enterprise Performance**
 - Compress Time Lost and Work Delays (YP)
 - Increased Experts' 'Span of Influence'
 - Creative Abrasion and Creative Conflict
 - Relating OL to Enterprise Strategy
 - **Beyond just skills development**



Findings from KM Industry Surveys

- **How KM Contributes to Strategic Performance**
 - Speedy Delivery of Products and Services
 - Automating Decision-Processes of Humans
 - Quicker and More Reliable Responses to ‘New’
 - K-Value-Chains to K-Value-Networks
- **From KPMG Survey (2000)**
 - Fewer with KM ‘reinvent the wheel’
 - More can access customer profiles faster
 - More can access an accepted business process methodology faster



Findings from KM Industry Surveys

- From KPMG Survey (2000)
 - 71% achieved better decision making
 - 68% achieved faster response to key issues
 - 64% delivered better customer service
- Challenges of KM (KPMG 2000)
 - Lack of time to share K
 - Fail to use K effectively
 - Difficulty capturing K – esp. the ‘tacit’ K
 - Corporate cultures that encourage hoarding
 - Separation of D and I into “silos”



Findings from KM Industry Surveys

- From KPMG Survey (2000)
 - More than 90% used Internet to reach external K
 - 80% use an intranet
 - 60% use data warehousing, data mining, and document management systems
 - 50% use decision support products and services
- From Conference Board Survey (2000)
 - 80% have some kind of KM effort
 - 60% expect to use enterprise wide KM by 2005
 - Over 20% have established a KM strategy



Linking Knowledge Management with Other Business Initiatives



Source: The Conference Board, *Beyond Knowledge Management: New Ways to Work and Learn*, 2000

From Reengineering to “Re-Everything”

OLD

NEW

ERP / BPR

Inter-Enterprise

Reengineering



Rationalization



Automation



**“Re-Everything”
Business Model Innovation**

- Internal Business Processes ... Inter-enterprise decisions
- ERP Post-ERP – CRM and SCM
- Componentization of ERP Systems
- ERP EAI, ASPs, Meta-ASPs

“Human Hurdles” of Knowledge Management

- Worldwide spending on KM over \$8 billion by 2003
- Need for better understanding of KM and benefits
 - Focus on corporate culture and organizational change
- **Primary challenge** – enabling sharing of knowledge
- **Lack of user uptake** due to insufficient communication
- **Lack of ‘internalization’** of systems by the end users
- **Failure to use knowledge** effectively
- **Difficulty of capturing tacit knowledge**

-- IDC State of Market Survey, *Knowledge Management*

-- KPMG Survey of Knowledge Management, *KMWorld*



Knowledge, Experience, and Expertise

“Knowledge develops over time through experience”

-Organizational Memory and Individual Memory

"No amount of sophistication is going to allay the fact that all your knowledge is about the past and all your decisions are about the future.“

" The dogmas of the quiet past are inadequate to the stormy present. The occasion is piled high with difficulty, and we must rise to the occasion. As our case is new, so we must think anew and act anew. " -- Abraham Lincoln



Knowledge, Experience, and Expertise

Believe nothing, no matter where you read it, or who said it, no matter if I have said it, unless it agrees with your own reason and your own common sense." -- Buddha

"Past wisdom must not be a constraint, but something to be challenged."

-- Ghoshal, S. & Bartlett, C.A., in "Rebuilding Behavioral Context: A Blueprint for Corporate Renewal," Sloan Management Review, Winter 1996.

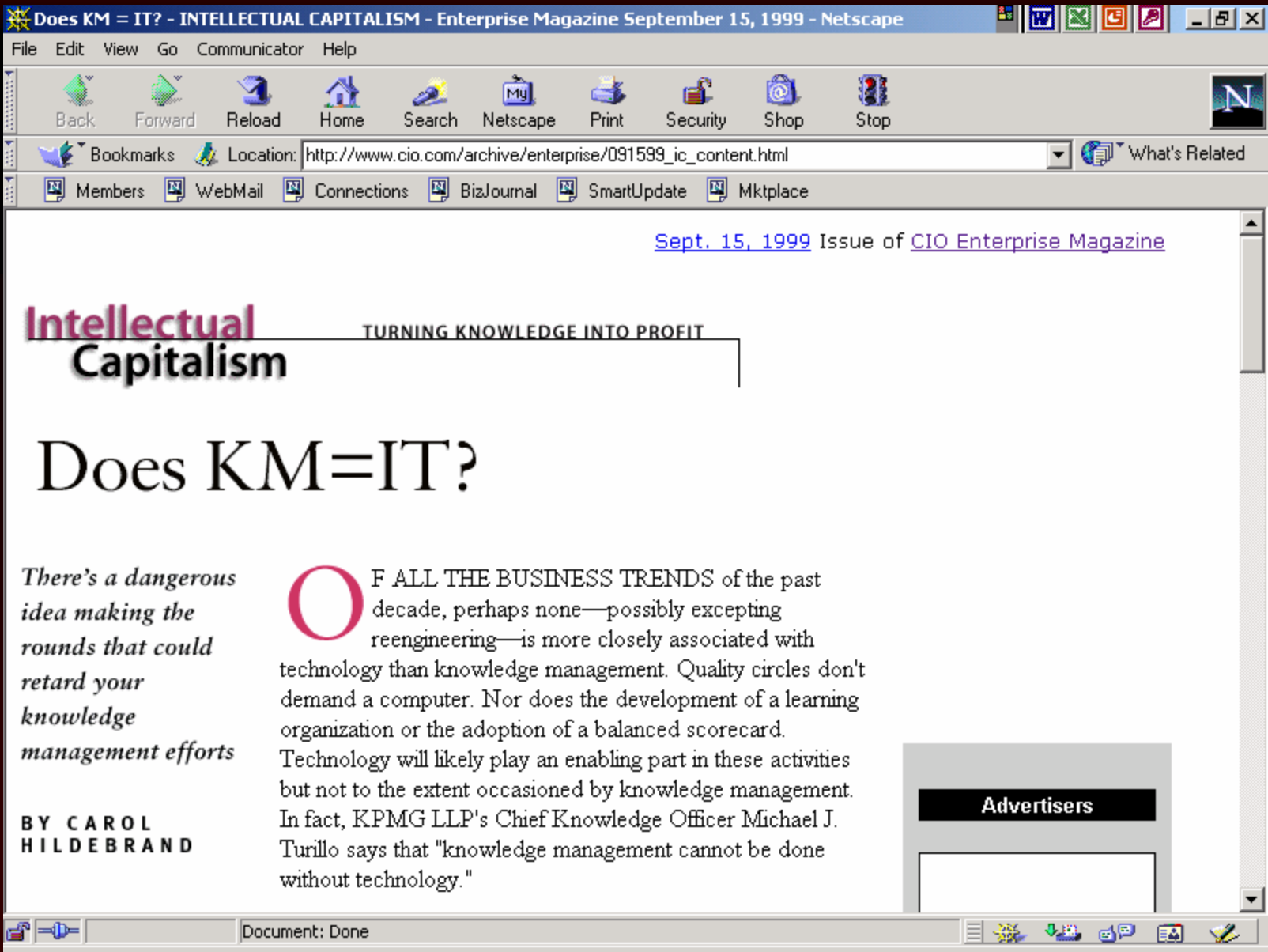
Knowledge, Experience, and Expertise

- "Even when the experts all agree, they may well be wrong." -- Bertrand Russell
- "In time of profound change, the learners inherit the earth, while the learned find themselves beautifully equipped to deal with a world that no longer exists." – Al Rogers



What is KM – 2 Perspectives from ‘Darwin’ Based upon the ‘Knowing What You Know’

- "Knowledge is the **right information** put into use in the **right way** at the **right time**, whereas information is merely the amalgamation of various data sets within a specific context." - Darwin Magazine, July, 2001
- "Knowledge management is fundamentally active... people need to have access to the **right information** at the **right time**. Knowledge management needs to be proactive, tightly integrated with business processes and integrally related to day-to-day operational activities." - Darwin Magazine, July, 2001



[Sept. 15, 1999](#) Issue of [CIO Enterprise Magazine](#)

Intellectual Capitalism

TURNING KNOWLEDGE INTO PROFIT

Does KM=IT?

There's a dangerous idea making the rounds that could retard your knowledge management efforts

BY CAROL HILDEBRAND

OF ALL THE BUSINESS TRENDS of the past decade, perhaps none—possibly excepting reengineering—is more closely associated with technology than knowledge management. Quality circles don't demand a computer. Nor does the development of a learning organization or the adoption of a balanced scorecard. Technology will likely play an enabling part in these activities but not to the extent occasioned by knowledge management. In fact, KPMG LLP's Chief Knowledge Officer Michael J. Turillo says that "knowledge management cannot be done without technology."

Advertisers

3 Myths of Knowledge Management?

Based Upon 'Knowing What You Don't Know'

- **MYTH: Knowledge management technologies deliver the right information to the right person at the right time.**
- **MYTH: Information technologies can store human intelligence and experience.**
- **MYTH: Information technologies can distribute human intelligence.**



What is Knowledge Management – KMT1

- “KM enables the creation, distribution, and exploitation of knowledge to create and retain greater value from core business competencies.”
- “Primary goal of KM in a business context is to facilitate opportunistic application of fragmented knowledge through integration.”
- KM Systems and KM Platforms ???



The 10-Step Road Map...

Tread With Caution!!

- Identify Knowledge Critical to Your Business
- Align Business Strategy and Knowledge Management
- Analyze Existing Knowledge in Your Company
- Building On, Not Discarding Existing IT Investments
- Focus on Process and Tacit, Not Just Explicit Knowledge
- Design a Future-Proof, Adaptable KM Platform
- Build and Deploy a Results-Driven KM System
- Implement Leadership and Reward Structures Needed to Make KM Work
- Evaluate Initiatives Using Real Options
- Learn from War Stories