

Finding out what you already know

An outline of what 'knowledge management' can mean for your organisation

Introduction

We are told that we increasingly live in a 'knowledge economy'. More and more products and services are being commodified, made available at lower prices, with margins and incomes being pressed harder because of this. Your capital, and future income, lies not in your plant, your machinery or your services, but in the knowledge that is locked up in your organisation.

We also live in a rapidly changing society. Practices and systems that served us well yesterday are in danger of becoming out of date by tea time, never mind tomorrow. How can we apply and adapt the expertise that we have to new and unforeseen circumstances, not only to reduce any threat they offer to us, but to take advantage of them?

Both these factors have contributed to a rising appreciation of knowledge management as a way to maximise the value of the learning and experience that already exists within an organisation, and also to reshape and redeploy that knowledge in the light of new situations.

This paper sets out some of the issues that need to be considered in order to make maximum use of knowledge management approaches.

Understanding how knowledge works

Unlike other forms of capital, knowledge doesn't decrease in value by being shared. Instead, it increases in value. If I have £1000, and give you half, then my stock of capital has gone down by 50%. But if I share my knowledge with you, I have lost nothing (except perhaps the ability to charge as much money for it, since others now have that knowledge as well¹, or perhaps the ego buzz of knowing something you don't). I don't know any less for sharing my knowledge with you. In the meantime, your knowledge has increased (so your overall stock of capital has increased in value). And it is likely that in fact my overall stock of knowledge has gone up as well, since in the interaction by which I share my knowledge with you, you will shape and add to it, thereby increasing my own understanding at the same time.

By putting knowledge in such stark terms, by describing it as a commodity that defies the normal rules of economics, we can see that the sharing of information and knowledge is not a zero-sum game (whereby one person's gain is another's loss), but a win-win situation where all parties benefit. Creating a culture where this becomes the norm isn't always easy, since most people think that "knowledge equals power" and are often unwilling to relinquish their hold on it. But such an attitude is ultimately counter-productive, for it stifles the kind of interaction and exchange that will increase the value of the knowledge held by that person. Knowledge is a dynamic product that needs to be shared and used, or it ossifies and dies. Trying to hold onto it for yourself alone will only decrease its long-term value.

One of the easiest mistakes to make when thinking about knowledge creation and conversion is to assume that it is primarily about information and communication technology. If you begin by thinking in terms of databases, information capture, intranets and the like, then you have started in the wrong place. Knowledge is not the same as data or information. Knowledge is not an object or a commodity. It cannot be easily stored in the freezer until needed, and it has a fairly short expiry date if it isn't used. It doesn't exist apart from the people who hold that knowledge in their heads and hearts.

computers store information; people know things

For knowledge has a 'social life', that is, it needs to get out and about, meet people, mingle and network. We should think in terms of 'communities of practice', small groups of people who have a common bond that often cuts across departmental or organisational boundaries. They share common values and mutual respect. They are "a group of people who are informally bound to one another by exposure to a common class of problem"² and are key to the implementation of successful knowledge exchange. Until new ideas are embedded in

resources and knowledge products (the outward flow of information) are also part of the knowledge management process. It isn't just about the internal exchange of ideas, information and learning, however important that is. It is important to keep this other issue in mind when thinking about knowledge management, in order to prevent organisational introspection and 'groupthink' or the reinforcement of received wisdom.

Having noted this provision, it is equally important that organisations recognise that they frequently already have the knowledge they need to find solutions to the challenges they face, without the need to always look outside. Quite often, an organisation does not know what the organisation already knows.

Examples of systems for organisational knowledge management

The following is a list of examples of the kinds of systems that can encourage good knowledge management within an organisation:

1. A learning approach to strategy

Sometimes called an 'emergent' approach to strategy, an organisation should learn to take stock and modify direction and strategy as appropriate. Small scale experiments and feedback loops are built into planning processes to enable continuous improvement. Managerial acts should be seen as conscious experiments.

2. Participative policy making

All members of an organisation take part in policy and strategy formation, and these policies are significantly influenced by all stakeholders. There is a commitment to expressing differences of opinion and working through conflicts.

3. Information sharing

You can easily get information on how your team, department or organisation is doing. IT is used to help people understand what is really going on.

4. Accounting and control

Financial budgeting, accounting and reporting systems are structured to assist learning. Financial staff act as consultants and advisors rather than scorekeepers and bean-counters.

5. Internal exchange

Teams and departments see each other as customers, speak freely with each other to challenge or to help, and are able to act on their own initiative. Managers facilitate negotiation and communication rather than exerting top-down control.

6. Flexibility of reward

Flexible working patterns allow people to make different contributions and draw different rewards. Alternative reward systems are examined, discussed and tried out

7. Enabling structures

Rules and procedures exist but are frequently changed after review and discussion. Appraisals are geared towards learning and development rather than reward and punishment. Departmental and other boundaries are seen as temporary structures that can flex in response to changes. New forms of structures are experimented with.

8. Boundary workers as environmental scanners

All staff have the responsibility to collect and report what is going on outside the organisation. Customers, suppliers, beneficiaries and other stakeholders are met with, to find out what is important to them. There are systems and procedures in place for receiving, collating and sharing information from outside the organisation.

9. Inter-organisational learning

We meet regularly with suppliers, competitors, customers and other stakeholders to share ideas and information, to participate in joint learning, and to develop joint ventures in new products and markets. We use benchmarking to learn from best practice in other fields.

10. Learning climate

There is a general attitude of continuous improvement, always trying to learn and do better. People make time to question their own practices, to analyse, to discuss, and to learn from what happens. Differences are recognised and valued as essential to learning and creativity.

11. Self-development opportunities

People have their own self-development budgets – they decide what training they want, and pay for it. There are plenty of opportunities, materials and resources available for learning around the organisation.

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Endnotes

¹ Although even this isn't perhaps quite as simple as it seems at first sight. "I'm paid reasonably well to write, despite the fact that I put most of my work on the Net before it can be published. But I'm paid a lot more to speak, and still more to consult, since my real value lies in something that can't be stolen from me – my point of view. A unique and passionate viewpoint is more valuable in a conversation than the one-way broadcast of words".
John Perry Barlow, "The Next Economy of Ideas : will copyright survive the Napster bomb?", Wired, October 2000, p242.

² Brook Manville, Director of Knowledge Management at McKinsey and Co Consultants, quoted in Jeremy and Tony Hope, "Competing in the Third Wave", Boston, MA : Harvard Business School Press, 1997, p79.