Knowledge Management – An Integrated Approach

Knowledge management

Knowledge management encompasses all aspects of managing a company’s intellectual capital, from filing, to intranets, to team briefings. It “promotes a collaborative and integrative approach to the creation, capture, organisation, access and use of information assets” (European Centre for Customer Strategies). In the past firms have approached KM as a well-defined function, or task to be completed. In fact it is simply a way of working, which recognises the importance of using existing and current knowledge. Once adopted, this method of operating should gradually become invisibly embedded into a company’s strategy and culture.

The past

In the late 1990s the concept of knowledge management remerged as the latest business buzzword. Spurred on by technological advancements, and the advent of the knowledge economy, firms assumed the key to success was to capture and codify as much of their company’s explicit information and data as possible. The enthusiastic acceptance of this codification approach was largely due to supplier push (mainly from IT companies) outweighing demand pull. Firms were supplied with “total knowledge management solutions” designed to capture as much information and provide as many access options as possible, without being sufficiently tailored to the company’s needs. Rather than focussing ruthlessly on managing critically relevant knowledge, systems became hard to maintain and use due to their sheer size. More importantly, valuable implicit knowledge, which is far harder to extract or codify, was often lost.

While employees can transfer some of their experience and knowledge in codified “explicit” form (people-to-document), much of their intellectual capital (in terms of how they approach problems, develop relations etc) cannot be transferred by this method. It requires collaborative work, during which implicit knowledge is not only transferred (people-to-people) but also created (see technology in the knowledge economy). As Karl Wiig states, “few situations are repeated, most are novel” - working collaboratively to utilise implicit knowledge can help teams address such novel situations in a way that explicit knowledge (which of it’s very nature is retrospective) cannot.

For some firms, the codification approach is, once properly tailored and maintained, an appropriate and valuable knowledge management strategy. Firms offering a mature and standardised product (e.g. insurance policies) rely heavily upon explicit knowledge (customer data, account histories). They need an easily maintainable, quickly accessible store of information. However, all firms rely to some extent upon the intellectual capital of their workforce and thus many firms have undergone a reassessment of their knowledge management strategy so to incorporate the management of implicit knowledge transfer.

A re-assessment

Leading companies have evolved their Knowledge Management strategies. They’ve made the distinction between, and recognised the relative value of information, which must be codified and made accessible, and implicit knowledge which may require more intangible modes of knowledge transfer. They have escaped the trap of trying to define knowledge management as a finite function and have embraced a broader approach.

Successful knowledge management strategies have the following elements

- Alignment with corporate strategy
- Integration with company culture
- Application of the correct tools
**Integration with strategy**

For knowledge management to be successful, it must complement the objectives of the overall corporate strategy. Companies should ask, “What role does knowledge play in our firm?” and “What value does knowledge bring to our customers?” The answers to these questions will vary for different organisations, and so their approach to KM should differ accordingly. If customers benefit from immediately accessible, accurate information a different KM strategy will be required from a company whose customers benefit from its creative, innovative ideas. For organisations which rely heavily on innovation and creativity, the best knowledge management strategy is often simply to enable the right people to meet up and discuss with one another.

The key is to create the correct balance. No firm relies purely on explicit knowledge or purely on implicit knowledge. A KM strategy should be a mixture of codification and collaboration, determined by the nature of the business and its strategic imperatives.

**The integration of knowledge management with corporate culture**

To truly integrate knowledge management within everyday business operations, companies must firstly employ a KM strategy which complements their existing culture (or it will never be accepted), and then seek to develop the culture in a way which further embeds the KM strategy.

Many KM systems fail because they require too much effort on behalf of the employees that use them. The benefit gained from using KM systems must outweigh the effort required to maintain them. If employees cannot recognise this trade-off, they will reject the system. The effort required to adopt a KM strategy will be minimised if it is designed to complement existing practices as far as possible. Firms should conduct a “knowledge audit” before defining a KM strategy, to discover how knowledge is used and transferred amongst their employees. Employees may have particular preferences or aversions to certain methods of sharing and storing knowledge. Often an audit can highlight that good knowledge management systems already exist in an informal, yet productive, form. All these aspects should be considered so that the KM strategy does not aggravate existing practices.

A regular stumbling block for KM, is the human aversion to sharing knowledge. Especially in companies where a competitive culture prevails, employees can be scared to “give away” their knowledge for fear that it will benefit others without any personal gain. This is a natural human instinct but can be countered by the correct KM technique. Incentives should be put in place so that employees benefit rather than suffer from sharing their ideas. For example, under a codification approach, the quantity and quality of an employee’s contribution to the company database, intranet or case study library may be reviewed and form part of their performance assessment. Where the management of implicit knowledge is prioritised, different methods of evaluating this intangible contribution may be employed. For example, as part of a manager’s 360° review, his subordinates may be asked how much one-to-one mentoring time they have received. Other managers in different business units may also be questioned on his contribution to new ideas.

One approach to creating such a culture of knowledge sharing is the employment of “T-managers”. These managers have targets and obligations not only for the performance of their own business unit (the vertical element), but also for the companies overall progression, via knowledge sharing with other business unit heads (the horizontal element).

However, creating a knowledge sharing culture does not necessary have to rely upon developing some idealistic cooperative corporate family. If the foundation for such a culture does not exist then incentives can be created which capitalise on other characteristics. US Grocery Retailer, Giant Eagle, has an aggressively competitive environment amongst its management ranks, and has exploited this by creating a KM system where contributions are very publicly recognised. By publishing managers’ innovative ideas on the company portal, and stating how much money they made or saved, a “look what I came up with” culture is encouraged. As Russ Ross, CIO at Giant Eagle noted, the managers have started “competing in the
marketplace of ideas”. The approach has worked because it capitalises on the existing culture.

So there are three steps to integrating KM into corporate culture. Firstly, the KM strategy should take into consideration the existing culture and complement it, so that it is easily accepted. Secondly, incentives should be established so that the workforce view it not as a separate (and even optional) function, but as part of their role and a crucial element of their, and the business’s, overall performance. The final step is to make KM a part of the recruitment process. Having recognised the kind of working methods that maximise the firm’s intellectual capital, candidates should be assessed on their ability to work in such ways.

**Using the right tools to create the right environment**

A good KM strategy can be destroyed by applying inappropriate supporting tools. The best KM firms no longer overestimate the contribution that IT can make to unlocking knowledge, but, while recognising its value, also seek alternative “tools” for creating a conducive environment for KM.

We have already noted that the balance of focus between managing implicit and explicit knowledge will be determined by the corporate strategy. In turn, this balance should determine the types of KM tools which are employed. IT based codification systems are best suited to making explicit knowledge easily and widely accessible. Implicit knowledge cannot be transferred via IT systems. It can be facilitated, via identification and communication tools which connect relevant employees, but the personal contact remains the key element and this can also be facilitated via other tools, such as the workplace.

In it’s most basic role, the office has always been the place where codified knowledge has been stored. Thus the workplace must be designed to fulfil this role efficiently (see Storage – the forgotten trap). In terms of IT based KM systems, it is important the workplace incorporates such systems in an efficient and flexible way. If a KM system is to be easily maintained and accessed, it needs to be as flexible as the workforce that uses it, and technological advancements have been invaluable in this respect. However, perhaps the most important KM role for the workplace is in the transfer of implicit knowledge. Office design, whether it incorporates “breakout zones”, team clusters or private offices, has a large impact on the way in which employees share knowledge. If open one-to-one mentoring is central to your KM strategy, then suitably relaxed, private spaces must be provided. Likewise, some companies have a “creative thinking” room, to inspire creativity and informal team discussion.

Another balance that must be struck by using the correct tools is the amount of knowledge that should be captured. Under the codification approach it is important that systems only record relevant information. This may entail the regular purging of databases, a strict criteria of relevance for intranet content, or even simply sorting out filing cabinets that take up valuable space. Firms should be equally as stringent with implicit knowledge. In the past BP found that their enthusiasm for utilising implicit knowledge reserves lead to an excessive use of Communities of Practice (COPs). Too much time was being taken up by gathering employees together to discuss non-critical issues. A rationalisation was made to ensure that COPs addressed core issues, relevant to the bottom-line, and were restricted to relevant attendees. Once again, the KM systems were refocused to contribute directly to the corporate strategy.

**Truly integrate knowledge management**

The fact that “knowledge management” has even been given a distinct label is a clue to why so many KM initiates fail. In the manufacturing era a firm’s key differentiating factor was the product it produced. Such firms would never have viewed, for example, “car production” as a separate department or function – that was their core business, their raison d’etre, not a support function. Today however, many companies for whom knowledge (via their people) is their differentiating factor continue to see knowledge management as a distinct support function, rather than a core element of their business. It should not be segregated. Leading companies, by truly integrating corporate strategy and culture with KM, and by letting their business needs define their KM tools (rather than vice versa) are beginning to achieve real knowledge based organisations. In such firms the term “knowledge management” will become redundant - it will just become a way of everyday working.

---

*The Workplace Intelligence Unit was founded by forward thinking inc. and Herman Miller*

**www.workplaceintelligence.co.uk**

http://www.hmeurope.com