
Knowledge Management

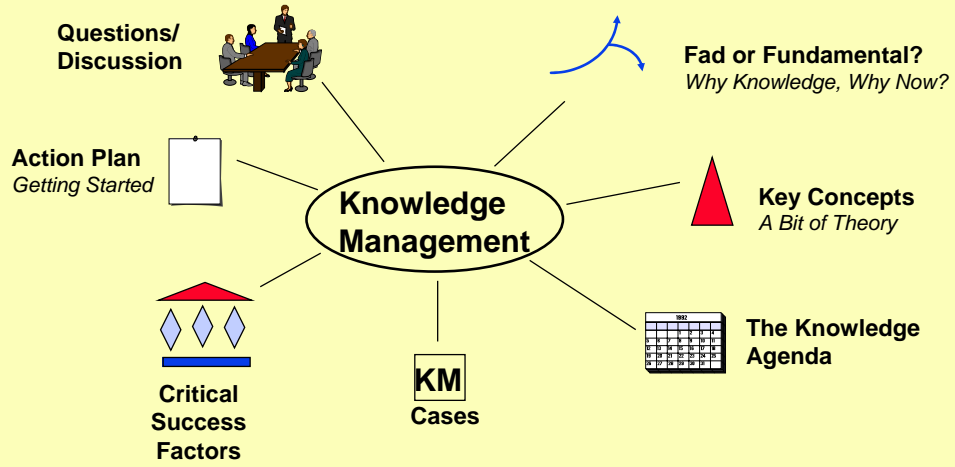
The State of Practice

Dr David J. Skyrme

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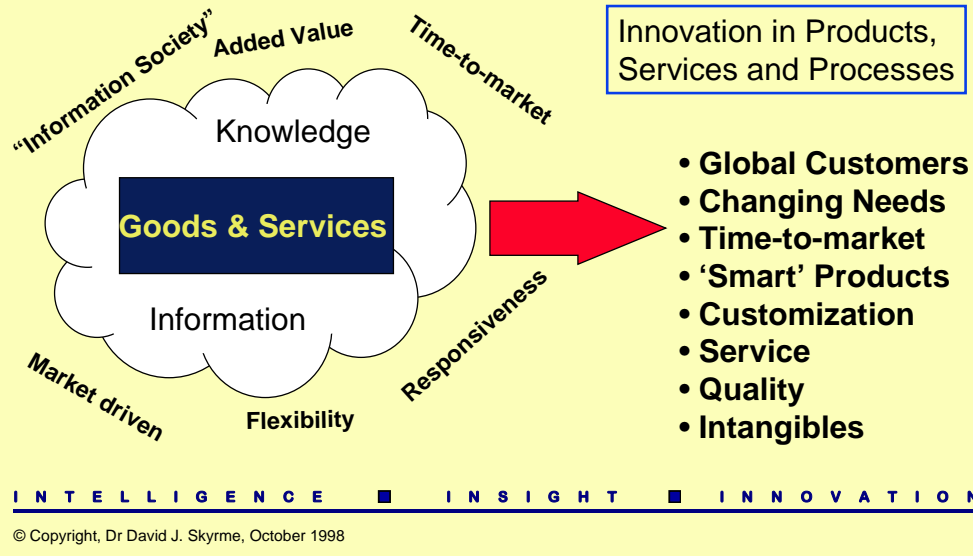
A presentation looking at knowledge management in practice. Knowledge Management is a term that is gaining increasing exposure. This presentation attempts to sort out the business reality from the consultants' hype. It is based on the analysis of this topic over 10 years (before the term was widely used) and recent assignments, by David Skyrme and his colleague Debra Rogers of ENTOVATION International (for contact details see last slide).

Knowledge Map



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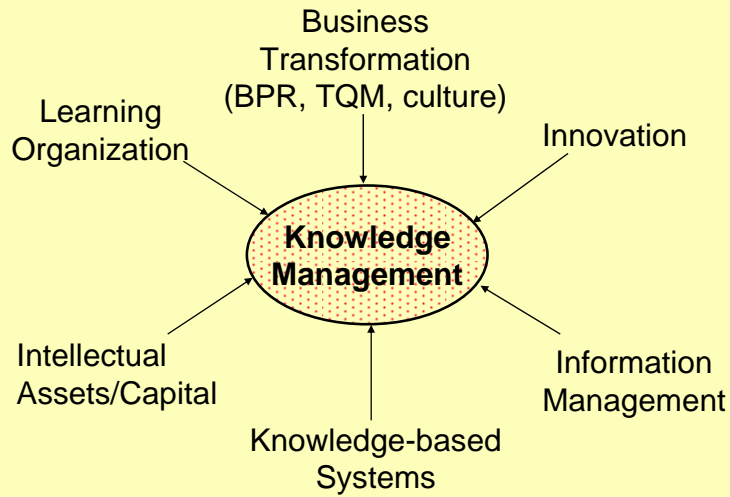
Fad or Fundamental?



We now accept BPR and TQM as 'fundamental', but at one time they were fads. As products and services carry more information and knowledge content e.g. ICI says it sells 'effects' not chemicals, this core resource needs to be systematically managed. Also standard products and services lend themselves to a high degree of automation in their production. Knowledge based services are less pre-programmable, requiring intellect to respond to different customer situations.

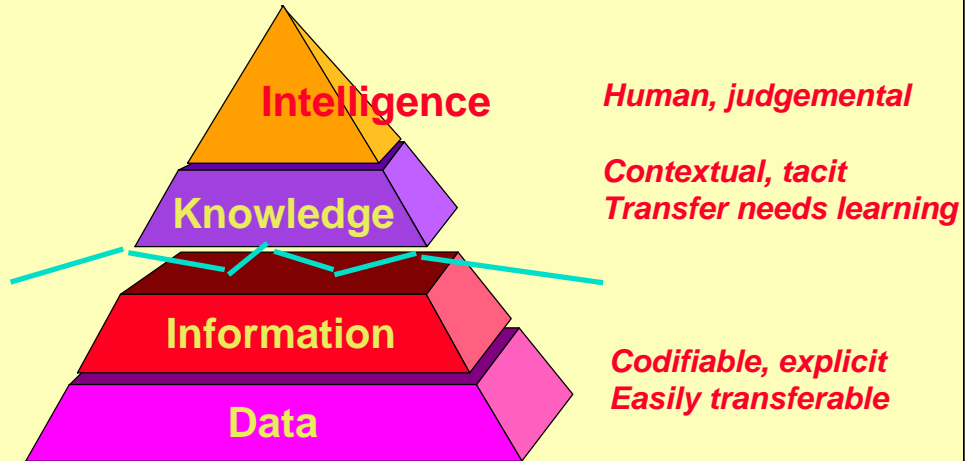
The ultimate knowledge based business is the consultancy whose only assets are their people, their process and intellectual capital. Not surprisingly many of them are focusing a lot of attention on managing their crucial asset - knowledge.

Roots of Knowledge Management



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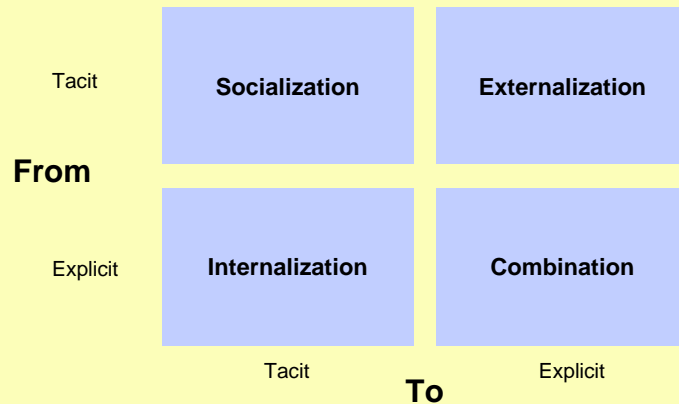
Knowledge is Different (1)



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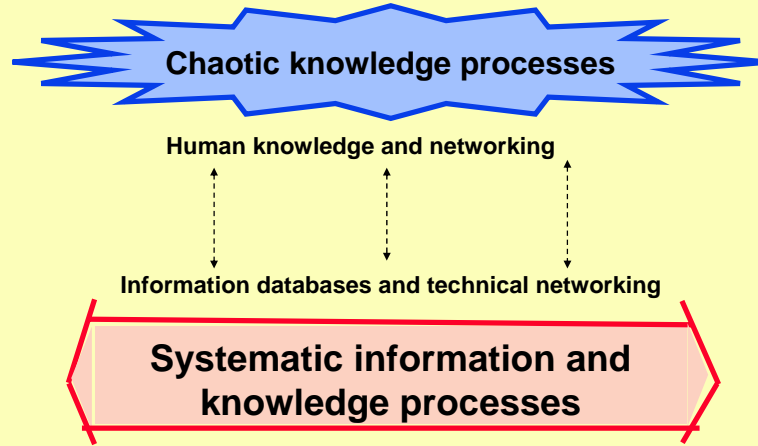
Conversion processes

Source: *The knowledge creating company*, I. Nonaka and H. Takeuchi



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Knowledge is Different (2)



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Working Definition

Knowledge Management is the explicit and systematic management of vital knowledge - and its associated processes of creation, organisation, diffusion, use and exploitation.

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Definitions are many and varied. Four main elements

- explicit: knowledge is explicitly recognised (language, documents etc.)
- systematic: it is too important to be left to chance
- selective: there's lots of knowledge; focus on that which is important
- content and process perspective (nouns and verbs)

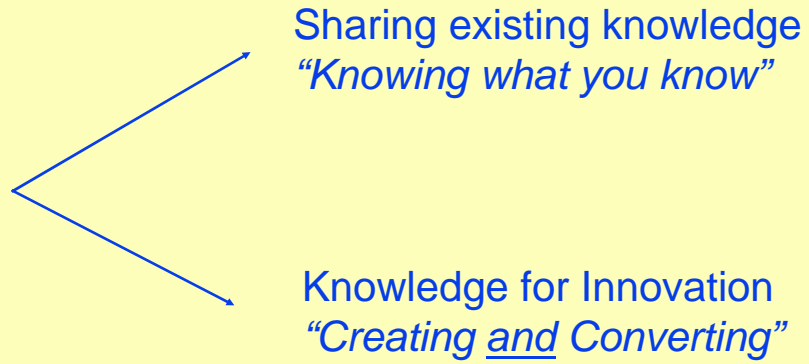
By adopting a systematic vs. an ad-hoc approach, management consultancies believe they can offer better global solutions, and reduced competitive price pressures (e.g. see Booz Hamilton Allen)

What is ... in Practice

- Knowledge Teams - multi-disciplinary, cross-functional
- Knowledge (*Data*)bases - experts, best practice
- Knowledge Centres - hubs of knowledge
- Learning Organization - personal/team/org development
- Communities of Practice - peers in execution of work
- Technology Infrastructure - Intranets, Domino, doc mgt
- Corporate Initiatives - CKOs, IAM, IC accounting

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2 Key Thrusts



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Seven Levers

- Customer Knowledge - *the most vital knowledge*
- Knowledge in Products - *'smarts' add value*
- Knowledge in People - *but people 'walk'*
- Knowledge in Processes - *know-how when needed*
- Organizational Memory - *do we know what we know?*
- Knowledge in Relationships - *richness and depth*
- Knowledge Assets - *intellectual capital*

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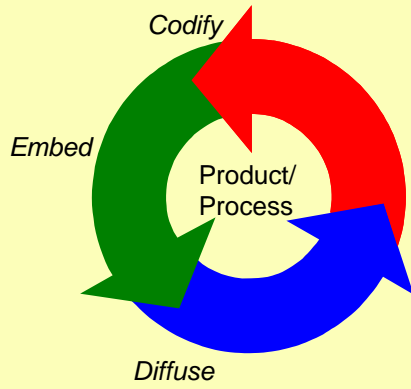
Extensive = externally (in product or service); internally is in processes etc.

Knowledge (in) products (the 'knowledgeburger') - consumer information, applications, internal awareness e.g. cars about to break-down. Some fastest growing sectors - education, health, software etc. are knowledge businesses.

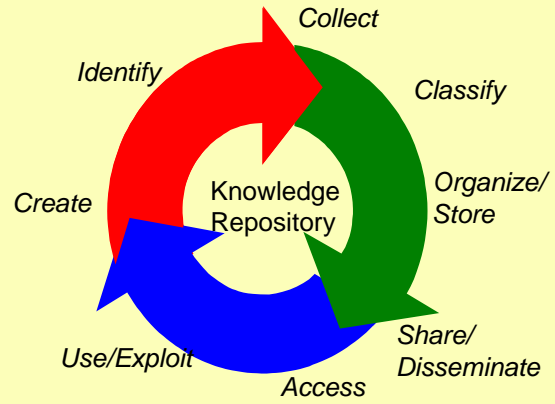
In processes - that which is NOT in the procedure manual! (e.g. emergency procedures in practice). What procedures fall down when a someone crucial is away? Microsoft is a good example of a company worth much more than its physical assets. It has knowledge capital, encapsulated in its software.

Knowledge Cycles

Innovation Cycle



KM Cycle



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Some Cases

- Create/discover - 3M, Glaxo Wellcome
- Codify - BHA, Standard Life, PwC
- Diffuse - H-P, Thos. Miller, Rover, BP
- Use - Buckman, Steelcase, PwC, Andersen etc.
- Process/culture - Cigna, Analog
- Conversion - Monsanto
- Measure/exploit - Skandia, Dow

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These are a selection from over 30 cases known to me. They illustrate particularly good practice at some aspect of knowledge management. However, most of them cover several aspects of knowledge management, while a few, such as Dow and Monsanto claim to have in place a comprehensive Knowledge Management Architecture. However, like the early days of BPR, at the moment Knowledge Management is usually deployed in pilots or pockets of organisations and is not widespread.

Glaxo Wellcome

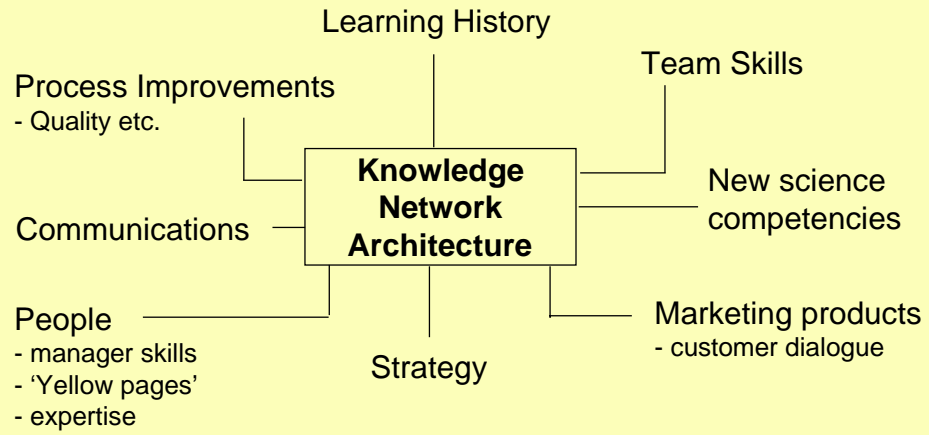
- A strategy led initiative - learning org. focus
- Workshops to convert rhetoric to action plans
- Using Intranets to share R&D, help approvals
- Library, document management support
- Reoriented Technical Architecture
- Challenge is creating 'sharing culture'

Bottom Line - better RoIC

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A real company, but illustrative of 2-3 others in the sector. Drug companies have high investment in knowledge assets, and they also have high intellectual value they need to protect. The challenge is to convert this R&D investment into marketable drugs quickly. Therefore much emphasis goes into organising knowledge (hence the need for a good library function), sharing it widely (hence the need for a good IT infrastructure). Most important is to get scientists to share their hard gained knowledge with colleagues. HR in the form of OD work provide an important plank in this programme.

Glaxo Wellcome - Knowledge Net



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Price Waterhouse KnowledgeViewSM

- Knowledge is their business
- Systematic processes - sharing 'best practice'
- Knowledge centres - editors and advisers
- Taxonomy - International Business Language
- Common formats on information
- Lotus Notes for multiple 'views'
- Adding contextual/contact information

Bottom Line: Better solutions in less time

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Buckman Laboratories

- “Solutions lie in minds, not databases”
- Corporate network (V1 - CIS) - up in 30 days
- Knowledge Transfer department and VP
- CEO monitors and uses the network
- FAQs, virtual conferences, forums
- K'Netix (sm) - knowledge sharing Intranet
- Metrics - direct customer engagement

Bottom line - open, unrestricted communication

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A specialist company in water treatment, with focus on solutions not products. Starting point here was realising the importance of tacit knowledge:

“The latest and greatest and freshest solutions to customer problems reside in the minds of individuals, not in some report or database” (Robert Buckman, CEO). Note - Buckman’s personal enthusiasm

Hence the creation of a knowledge sharing network which the CEO actively monitors. Their first network (1992) was up in less than 30 days, due to selecting CIS (CompuServe) as the corporate network.

On metrics - the cost is known 3.75% of turnover. Benefits are measured in terms of percent of employees engaging directly with customers, e.g. up from 12% to over 50, with 90% the target.

Skandia Life

- First to publish 'intellectual' balance sheet
- Visible assets vs. invisible assets
- IC = customer + human + structural
- IT + IC + values = Intelligent organisation
- Not just sums - will drive operating units
 - “visualise”, success factors, indicators, development

Bottom line - ongoing growth and value

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“Intellectual capital is something you cannot touch, but makes you rich”.

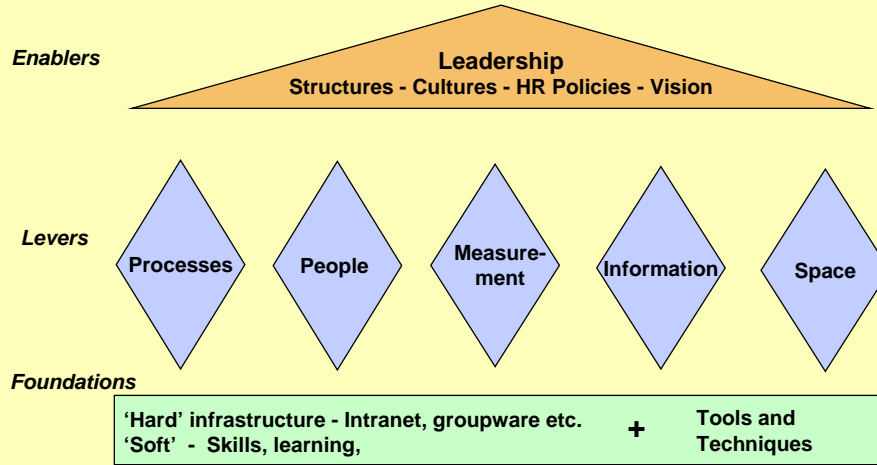
Since companies are often valued at 5-8 times their book value there is a lot of 'hidden capital'. Skandia has attempted to account for this and make it more visible, so that managers can focus on adding value to it.

Customer capital - relationships, no. of contracts, surrender ratio etc.

Human capital - people, skills, development time etc.

Structural capital - process, infrastructure, function points, admin systems etc.

KM Framework for Success



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IT Infrastructure

- A key enabler
- Access anytime, anywhere, anyhow
- Lotus Notes, First Class, Intranets - groupware
- Point solutions e.g. data mining, mapping
- New generation of Knowledge Based systems
- Focus on the I (Information - about Knowledge)
- Hybrid, virtual teams

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IT plays a key enabling role. Some projects are led by IT people, but in general the business wants good information flow, sometimes point solutions. “Technology is not the issue” is often cited (though sometimes there are silly annoying incompatibility problems). The main focus should be on the I in IT, with help from information professionals. In fact IT professionals should be active on multi-disciplinary teams, which through the technology can be virtual (sharing best practice and knowledge over the network).

Soft Infrastructure

- A culture of sharing - vs. information fiefdoms
- Directors of Knowledge (Intellectual Capital)
- Facilitating knowledge processes
 - change teams, development workshops etc.
- Developing personal skills
 - info management, 'dialogue', online techniques
- New measures of human capital, capabilities

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Works at three levels

- corporate: setting the culture and structures (informal fluid networking)
- processes: adding the soft dimension; facilitation, sharing etc.
- individuals: developing suitable skills e.g. information management, mapping

Critical Factors

- ❑ Strong link to business imperative
- ❑ Compelling vision and architecture
- ❑ Knowledge leadership
- ❑ Knowledge creating and sharing culture
- ❑ Continuous Learning
- ❑ Well developed ICT infrastructure
- ❑ Systematic knowledge processes

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Not a lot new to those familiar with innovative change. Some of the highest benefits from knowledge management have been in organisations where the chief executive has just believed in it and got on with it, worrying about return on investment later (e.g. Analog, Buckman)

Action Planning

1. Find out where you are!
 - do an assessment; look for existing practice
2. Identify the knowledge champions
 - and top level sponsors
3. Start the learning process
 - attend seminars, site visits, assemble resources
4. Understand the seven knowledge levers
 - find how knowledge adds value to your business

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Think - think knowledge

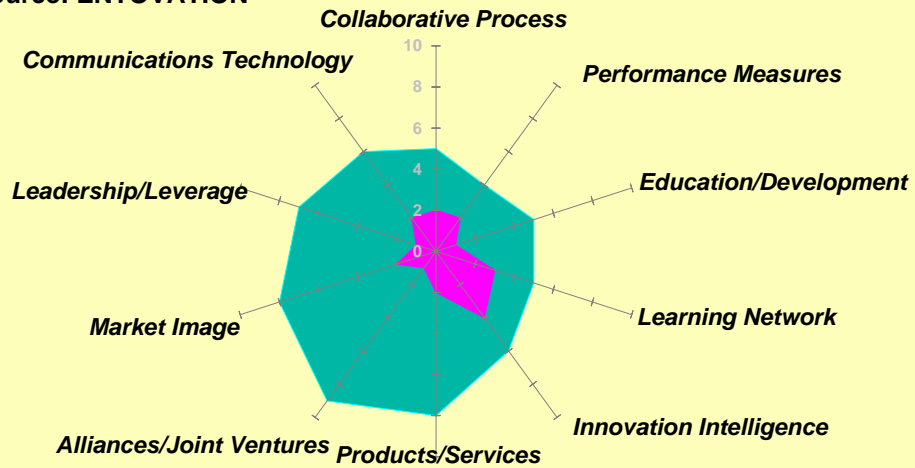
Action Planning (cont.)

5. Identify Related Initiatives
 - an opportunity for collaboration?
6. Initiate a Pilot Project
 - look for quick wins, within long-term framework
7. Assess Organizational Readiness
 - assessment plus enablers, levers, foundations
8. Develop a road map for knowledge
 - vision, goals, strategies, resources, networks.”

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Company/Enterprise: *Gap Analysis*

Source: ENTOVATION



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David Skyrme Associates publishes a free monthly email briefing ***13 UPDATE*** on developments and implications of Knowledge Management. For details on how to subscribe, visit the Web page or send an email