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Tantalised by the promise of wisdom

By Michael Earl

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In the early 1990s knowledge management was a new and exciting idea. Propelled by consultants and a few management gurus, seized upon by strategists, information technology managers and organisational development practitioners and identified by academics as a rich theme to probe or pick apart, it was difficult at the time to reach any agreement on what knowledge management actually was.

Yet organisations and their managers were often attracted to it, arguing that if they were now competing in a

knowledge-based economy they should be efficient and effective at managing knowledge. Some appointed a new breed of executive - the chief knowledge officer - to lead the charge.

More practical factors also encouraged the growth of knowledge management initiatives. First, some companies realised that they managed knowledge badly. They were losing it when managers left, or were poor at converting knowledge that was specific to the company into new products or better processes. Second, others felt that they just did not know what they knew and wanted to improve the exchange and sharing of knowledge among employees. Third, a few took a strategic view that they were competing on knowledge; typically they might say: "We are not a pharmaceuticals/financial services/IT business, but a knowledge business."

Yet nearly 15 years on, the promise of knowledge management has yet to be realised. There is a dearth of outstanding success stories, where original goals were achieved or sustainable value was created.

It is not unusual to visit companies claiming knowledge management successes only to find some worthy efforts lacking any lasting impact. More often, a company has simply relabelled a new IT application as a knowledge management initiative.

In a 1998 article in the Sloan Management Review, I reported on the work of 20 chief knowledge officers at large corporations. Sceptics may not be surprised to know that most of these CKO positions no longer exist. More than half had gone within two years of our study. In other words, knowledge management is tantalising. It still appeals to many, but success is elusive. Even defining it is not easy. Perhaps this is because knowledge management is concerned with an intangible and, in some ways, invisible asset.

Knowledge management has evolved over four eras. In the early 1990s, strategic rhetoric dominated. Knowledge was a "source of innovation" and a "requirement for competitiveness" in a fast-changing, post-industrial economy. Then, as chief knowledge officers were appointed to lead knowledge-related initiatives, they had little established recipes to follow. So, in the second era, old ideas from IT and certain training programmes were re-badged as knowledge management activities. There was little coherence in theory or practice.

By the late 1990s, a third era arrived - one of technology. Intranets, portals and search engines dominated thinking about knowledge sharing. This merely confirmed the suspicions of sceptical executives that knowledge management was "another piece of IT hype".

Yet, in 2004, knowledge management remains on the corporate agenda. There is a realisation that knowledge can be a source of competitive advantage in product innovation, process improvement, strategic decision-making, customer relations and so

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on. And there is, moreover, recognition that knowledge is still not managed well.

So executives today should ask themselves four basic questions. What exactly is knowledge management? How or where should we start to make it work? This time round, what will determine its success or failure? Finally, do we need a chief knowledge officer?

Knowledge management is the acquisition, stewardship and use of knowledge. Such a definition raises issues about the protection or exchange of knowledge and, of course, suggests the question, "What is knowledge itself?". Philosophers, sociologists, psychologists, economists and management scientists all have their perspectives. Most chief knowledge officers will have looked at these at one time or another - and then settled for any definition that seemed to work in the business.

I have studied more than 40 companies to see how they think about and manage knowledge, and from this work have identified seven "schools" of knowledge management. Looking at the activity in this way has benefits: it helps explain what knowledge management in practice might be; it suggests initiatives, not only technology-related ones; and it provides a framework to help organisations select the knowledge management strategy that is appropriate for them.

Three of these schools are technology-oriented. In one, the "systems" school, managers seek to codify knowledge in knowledge-based systems or databases to support employees and decision-makers. For example, maintenance engineers at Xerox are supported by such a system.

In the "cartographic" school, directories and maps guide executives to those in the know. Bain, the management consultancy, deploys its "People Finder" database for connecting people across the enterprise.

The "engineering" school holds that processes can be made more efficient by providing as much knowledge as possible to key workers. For example, Hewlett-Packard's intranet hosts databases containing competitor, product, process, research and financial information.

In the "commercial" school, however, managers seek to identify all of a company's intellectual assets such as patents, trademarks, copyrights and licences, then commercialise them aggressively. Both Dow Chemical and International Business Machines have adopted this strategy with good returns.

The final three schools are more concerned with behaviour. The "organisational" school is based on knowledge-sharing across communities. Both BP and Shell have used network technologies to improve the speed, frequency, amount and focus of knowledge exchange in formal and informal communities in the business.

The "spatial" school believes that work and relaxation spaces can be designed to increase contact between people so that chance exchange and discovery of knowledge are more likely. The design of British Airways' head office is based on such principles.

Finally, managers in the "strategic" school define their companies as knowledge businesses. Here the belief is that consideration of what the business knows may add value by suggesting how a company can differentiate itself from rivals. Corporations such as Buckman Laboratories, Johnson & Johnson and Unilever have gone down this route.

How can the seven schools help? Thinking about their role in the business can help managers answer the key questions involved in managing knowledge. In a perfect world any business working out where to start would ask itself: "What does our competitive strategy say or imply about knowledge as a source of value creation - or what could it say?" Existing strategies may say little and brainstorming may be disappointing. If so, managers should try a more basic question: "What are our performance gaps and where might better acquisition, use, exchange or protection of knowledge help?"

Organisational culture matters: acquiring, using and sharing knowledge raises cultural and power issues. Selecting the "school" or initiative that fits the way managers and employees already behave is more likely to work than trying to change the culture around a knowledge management initiative. The schools are not mutually exclusive: managers should consider mixing and matching their functions according to the needs of the business. And the business benefits of any initiative - and how to achieve them - should always be clearly explained.

Our study of CKOs revealed broadly skilled people with loose job descriptions and CVs rich with experience. They were usually appointed by the chief executive but had to define their own role and work out the company's agenda for knowledge management. Their roles combined the skills of an entrepreneur, consultant, technologist and designer. Most did not keep their job for long, often due to a change of CEO, sometimes because an early victory was declared over knowledge management or because they were headhunted by management consultancies.

Most did not see themselves as creating a permanent function within the business. They had to garner resources quickly and planned for a limited tenure. In this respect, knowledge management resembles other capabilities such as quality management: it needs someone to initiate it, and then requires some impetus, but eventually the only knowledge managers left in the business will be managers themselves.


So chief knowledge officers or their equivalent may be necessary when knowledge management is first embraced. But their goal should be to work themselves out of a job - leaving the business with permanent benefits in place.


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