

Managing knowledge assets:



There is no single method for solving operational problems, but a growing number of companies are embracing systematic knowledge sharing as part of the solution

the cure for an ailing structure



By Preston D. Cameron

In today's challenging business climate, many organizations find it difficult to admit that they are unhealthy. It usually starts with a decline in financial performance coupled with symptoms of operational inefficiency. The organization is slow to respond to changing market conditions and external forces. Losing sight of factors that are making the company feel "sluggish," our patient begins to look for a quick shot, pill, or magic potion that will make everything and everyone return to normal. If unchecked, the condition progresses and markets begin to dry up. Employee and customer frustrations increase and before long, the organization's leadership is contemplating a radical and dangerous treatment. What causes such a debilitating condition? It's a failure to recognize and reward the organization's single most significant asset — knowledge.

Whether it's tacit knowledge (that mysterious matter inside everybody's head) or explicit knowledge (the data in your servers and procedures), it is the raw material that can help make your organization healthy again. The real key is getting access to it, and fostering its growth and transfer. Think of it as the business world's version of a physical fitness plan with guaranteed results. For healthy organizations, it's a strength and conditioning program that helps them get stronger, faster, and better.

While there is no single cure for every organizational problem, a growing number of companies are realizing that the fastest, most effective, and most powerful way to return to full health and strength is through the systematic identification and rewarding of knowledge sharing and best practice transfer. Why don't more organizations make the necessary improve-

ments and achieve a speedy recovery? Because their cultures don't support the knowledge sharing and transfer process.

Finding and transferring knowledge is so simplistic a tool that it is often overlooked. The assumption is that it was working well from the outset. Worse yet, some organizations take their knowledge resources for granted and don't do anything to foster or develop them. As Ken Derr of Chevron says, "Every day a better idea goes unused is a lost opportunity. We have to share more, and we have to share faster."

The following is a quick way to identify the extent of your organization's knowledge-sharing illness.

If the process of sharing and transfer is not inherently rewarding, celebrated, and supported by the culture, then any artificial rewards you come up with won't have much effect, and will only make your knowledgeable people more cynical.

Symptoms of an anti-knowledge culture

- There are no incentives or sanctions to promote sharing information and insights among employees.
- Little time or attention is given to identifying lessons learned from project failures and successes.
- Assumptions about new projects or activities are not chal-

lenged. These are executed based on expectations and not on realizations.

- The organization hires and promotes individuals based on technical expertise alone.
- Management is reluctant to talk about projects that did not work well (“sharing our failures”).
- The different missions and visions of divisions or departments produce different cultures that seem to succeed only in antagonizing each other.

If your responses make you feel a little queasy, it may be time to reassess your organization’s culture to ensure that you’re getting the most from your knowledge sharing and transfer process.

What is your culture?

An organization’s culture is the combination of a shared history, expectations, unwritten rules, and the social mores that



affect the behaviour of everyone involved. No one can escape it, from mailroom clerks to the executive suite. A culture is that set of underlying beliefs, and while difficult to articulate exactly, they are always there to influence knowledge-sharing actions and communications.

If an organization’s natural tendency and exhibited behaviour is to share information and collaborate for performance enhancement, all that is necessary as a successful manager is to eliminate the structural barriers and provide the enablers (like technology and facilitators) that allow practices and ideas to flow seamlessly.

Sounds easy enough, but if a company’s nature and culture is to hoard knowledge and profess individual prowess, then the latest and greatest knowledge management technology alone will not be enough to alter its behaviour. As the business climate turns cool, your risk of catching a more severe illness will increase substantially, and this will become more obvious to your customers, suppliers, and worst of all, your employees.

Your people and culture are the key

Effective knowledge management can only be accomplished by creating a supportive, collaborative culture that eliminates all the traditional rivalries. It assumes that a company uses a basic level of modern organizational skills, such as collaborative work, basic problem-solving paradigms and effective listening throughout the organization. Organizations

that haven’t mastered these basic skills are going to have trouble staying competitive at all. This will begin to happen regardless of the business climate. Worse yet, organizations that have become terminally ill can usually trace part of their condition back to a lack of communication, problem solving, and knowledge sharing. So knowledge management works best in a healthy cultural environment.

People are a prime asset for a number of reasons. Simply put, learning and sharing knowledge are social activities. They take place among people and between people, and are most effective when organized by people. Whether it’s a new product development project, a corrective action to unforeseen production problems, or interaction with key customers, there is no escaping the involvement of your people. Successful organizations know where to find the people they need when problems arise. They also know how to get to the information they need. And finally, they know how to use and benefit from that knowledge once they have

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it. In short, it’s because their culture encourages the sharing and transfer of knowledge.

Best practices are also embedded in people and their culture. Simply gathering up information and storing it in some new technology doesn’t ensure that it is getting used and improved. It requires that the knowledge get tested, exercised, and refined. Knowledge needs to be shared in order to be effective, and that involves people.

Organizations must be willing to connect the people who are able and willing to share the deep, rich, tacit knowledge that they have. If this does not happen, then an organization will only become less productive. Some of this can happen through the force of mutual obligation. Mutual obligation is one of the most powerful social forces there is. Inside any organization, once people start sharing knowledge, the process becomes self-perpetuating. Communities of practice and project teams feel an obligation to help each other be successful. One of the strongest predictors of best practice transfer is the strength of the relationship between the source and the recipient of knowledge and the trust that this invokes. The potential adopter of the best practice (the recipient) has to believe that the source is credible and must trust what he or she is learning about. The source has to be generous enough to devote the time the recipient needs to truly understand, adapt to, and implement the practice.

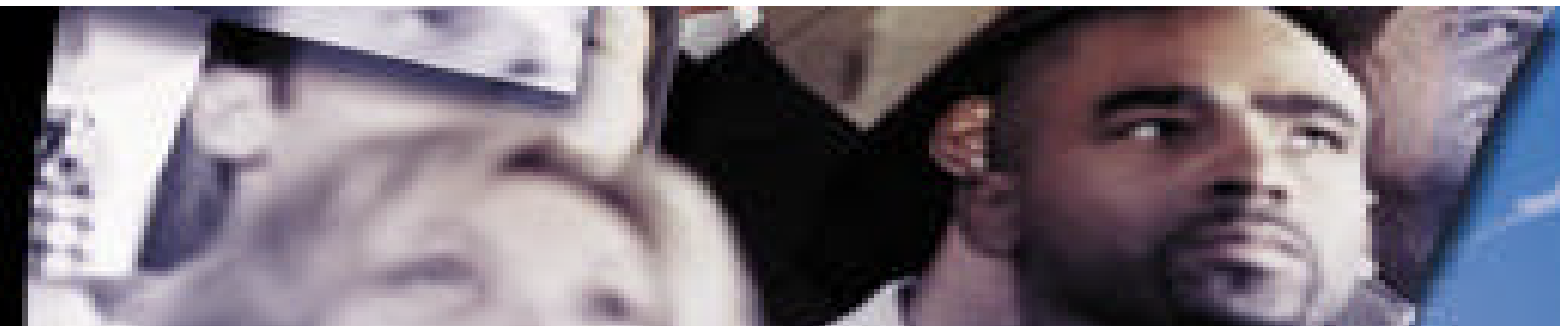
And there is the key that makes the whole process of a knowledge-sharing culture so difficult.

A recent global study of the world's most admired companies by *Fortune* magazine and the Hay Group revealed a critical determinant of knowledge transfer success is the culture of the organization. The study found that the world's most successful organizations share one thing in common — they don't just claim that their people are their best asset, they act on it. These companies have cultures that take mission statements seriously. Their cultures help attract successful, knowledgeable people; they use intense testing to pick the best of them; and then provide a culture of intense and effective training (knowledge transfer) to make sure that they stay the best. In short, they have created a knowledge-sharing culture for their people from day one.

These organizations view career development as an investment, not an expense; they promote internally, they reward top performers, and they make sure that their employees — these retainers of knowledge — are satisfied with their work. By doing so, they inspire a culture that recognizes the impor-

in order for the change to be perceived as genuine. It is senior management's role to see that people do not confuse power building with knowledge hoarding. For many executives, the greatest challenge they face when instituting cultural changes is giving up the notion that accumulating knowledge and keeping it from others is a source of power. The most powerful individuals in any organization are those who inspire and lead by sharing their knowledge. Instead of traditional "command and control," knowledge-sharing leaders know how to "mentor and inspire."

3. Develop collaborative relationships. These relationships enable the tacit knowledge and high-value practices to transfer more effectively. From small teams to large communities, the basic units of innovation and collaboration bring together like-minded people; people with a shared vision and goal.
4. Reward those who participate in knowledge-sharing activities. A knowledge-sharing culture and good transfer system



tance of people. And by recognizing the importance of people, they lay the groundwork for the critical task of leveraging their employees' experiences and practices.

Jack Welch summed it up best when he said, "Our behavior is driven by fundamental core beliefs: the desire and the ability of an organization to continuously learn from any source, and to rapidly convert this learning into action, is its ultimate competitive advantage."

The road to recovery

If you have found that your organization's culture isn't as healthy as it should be, then it's probably time to start down the road to recovery. To make that happen, here are a few of the things you will need to do:

1. Believe that your people want to share. People like to see their knowledge and expertise used. Whether it's the local bowling team or a sophisticated surgical team, everyone on a team wants to succeed. So take advantage of that desire to be successful and ensure that the knowledge is shared in an environment that promotes genuine trust and respect.
2. Prepare to lead the knowledge-transfer culture by doing it yourself. The only way to make employees believe in your commitment to a culture of knowledge transfer and reward is to act it — day in and day out. Your drive to establish a knowledge-sharing culture must come from the very top. Senior management must participate and lead by sharing

should provide inherent rewards to those who use it. Explicit rewards and incentives will only go so far. If the practice helps people do their work and be more successful, they will share. If the process of sharing and transfer is not inherently rewarding, celebrated, and supported by the culture, then any artificial rewards you come up with won't have much effect, and will only make your knowledgeable people more cynical. People want their expertise and knowledge to be used — and more importantly, acknowledged. Individual recognition is how organizations have traditionally met this need. But if organizations want to encourage knowledge-sharing activities, they need to recognize and celebrate that behaviour as part of their overriding culture as well.

Even the best organizations can feel ill once in a while. Their ability to recognize the symptoms that are causing organizational pain, and to invoke the right problem-solving solutions, are a function of their culture and their knowledge transfer and sharing. Every organization can stumble or fall. Whether or not your organization is healthy enough to get up and get better depends on who knows what's wrong, and whether they have trust in the culture and respect for the rewards they receive for lending their knowledge to help out.

Preston Cameron provides thought leadership and expertise in strategy development and business process and performance measurement to global organizations. He can be reached via e-mail at oculus_consulting@att.net.