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# SHEDDING LIGHT ON KNOWLEDGE MANAGEMENT

*Lessons learned lead to new ideas about sharing information.*

By Pamela Babcock

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▣ [Knowledge Sharing -- The Xerox Approach](#) (Source: Xerox)

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Many knowledge management experts point to the events of Sept. 11, 2001, as the ultimate reason that information-sharing systems are necessary. The FBI has drawn criticism for ignoring intelligence that could have thwarted the terrorist attacks and for an apparent lack of communication with the CIA. According to congressional hearings, government agencies ignored many other signs -- some going back as far as 1994.

It is a dramatic example of the failure of knowledge management. In an agency such as the FBI, where the sharing of information can save lives, such lapses can mean tragedy.

In the business world, they can bring huge financial losses. Fortune 500 companies lose at least \$31.5 billion a year by failing to share knowledge, according to International Data Corp. (IDC), a Framingham, Mass.-based market intelligence and advisory firm in the IT and telecommunications industries.

It's not that companies and organizations aren't trying. Since knowledge management became all the rage in the high-flying 1990s, companies have poured tremendous resources into knowledge management technology that has failed miserably or shown little results. Businesses sank \$2.7 billion into new systems in 2002, according to the IDC, which estimates that number to rise to \$4.8 billion in 2007. The federal government will boost knowledge management spending from \$820 million in 2003 to \$1.3 billion by 2008, largely for homeland security requirements, according to INPUT, a Reston, Va., market research company.

Will these expensive new attempts work? Only if they take clues from past failures and develop a different approach, experts say. The reasons for failure are many and varied, but two factors seem common: Technology is too complicated, and, perhaps most important, organizations don't give enough consideration to the barriers human nature poses to information sharing.

"Knowledge management is change management, and, if you don't understand people's perspective, all the strategy and technology in the world means very little," says Carol Kinsey Goman, president of Kinsey Consulting Services, a human capital consulting firm in Berkeley, Calif.

HR can provide the balance needed during knowledge management implementation that ultimately can make a system work, says Marc J. Rosenberg, author of *E-Learning: Strategies for Delivering Knowledge in the Digital Age* (McGraw-Hill, 2000) and a knowledge management and e-learning consultant in Hillsborough, N.J.

"Where one side is heavy on trying to do the right thing with technology, HR can say 'What can we do to motivate people? What are their needs and comfort factors? And how can we assess quality of intellectual capital?'" Rosenberg says. "When you have a nice equilibrium among IT, HR and the sales or customer care side of the business, chances are you are going to be more successful."

### **Taming the Technology Monster**

Everyone seems to agree that knowledge management should deliver top-line growth, improve operations and increase profit margins. Yet many knowledge management systems fail to deliver on this promise -- at least to the extent that they could.

Knowledge management systems don't so much fail as they fail to meet their potential, says Thomas H. Davenport, a professor and director of research in the school of executive education at Babson College in Wellesley, Mass. "The failures are not clear failures in most cases," says Davenport, who -- along with his colleagues -- studied 29 knowledge management projects.

These projects "got used to some degree, but they really didn't revolutionize anything. The good news is most were successful by some criteria. They were getting some users and seemed to be providing some economic value," says Davenport, who is co-author of *Working Knowledge* (Harvard Business School Press, 2004).

The problem was that many of these programs failed to address key information needs. "Maybe three out of the 29 were really mission-critical applications," he says.

In other situations, knowledge management systems were perhaps poorly integrated with workers' jobs. The result was that users were buried with data, says Davenport. "Some of the consulting firms' systems, I think it's fair to say, got too much knowledge put in them, and people got overwhelmed by the amount of stuff they had to deal with."

Similarly, Rosenberg recalls a large firm that built "the Rolls Royce of knowledge platforms" but found that the over-engineered system made every upgrade a monumental undertaking and kept the company so busy that it couldn't keep up with the rapidly changing business.

"Many people are going overboard," says Theresa M. Welbourne, CEO of eePulse Inc., an employee communications technology and research company, and an associate professor of organization behavior and human resource management at the University of Michigan Business School in Ann Arbor. "They're developing tools that are really 'cool' from a technology point of view, but that are not something that fits how a user does his or her job."

Indeed, many knowledge-sharing programs actually make it harder, not easier, for people to do their jobs because they fail to take into account the user's time and ability. "You must make using the knowledge management system simpler and more rewarding than not using it," Rosenberg says. He adds that if your program asks employees to use four search engines, three document-management systems and six collaboration tools on multiple types of computer systems, "you're dead."

Technology, experts agree, should be streamlined enough to integrate into a company's operations, and it must be appropriate to the task.

"Technology is an enabler of knowledge management, but it is not in and of itself the whole answer," Rosenberg cautions.

### **Accounting for Human Nature**

Human nature is a key reason that knowledge doesn't get shared, Goman found in a recent survey of 200 mid-level managers. Team leaders often withhold information and dole it out on a need-to-know basis. Executives ask for collaborative input when they really want a rubber stamp. Managers fear hearing bad news. Post-Enron, there's also a reluctance to trust senior management.

In addition, some people don't know or trust their fellow employees, and some want power over others. Some fear their ideas will be ridiculed. And some simply forget, are too busy or don't want more work and responsibility, Goman says.

Companies looking to minimize or even eliminate these responses toward knowledge management can begin by looking at the way they treat both workers and information.

For example, the ability to listen to ideas is a critical component of effective knowledge management, but most companies are far better at snubbing or suppressing workers' ideas than promoting them, says Alan G. Robinson, a management professor at the Isenberg School of Management at the University of Massachusetts and co-author of *Ideas Are Free: How the Idea Revolution Is Liberating People and Transforming Organizations* (Berrett-Koehler, 2004).

Trust and a willingness to share information -- not control it -- are other key attributes than can lead to successful knowledge management programs. Companies that don't trust their employees or fear they will put content in the wrong place can hamper the system by adding cumbersome layers of approval for contributing or accessing information. Rosenberg says one firm installed an elaborate customer relationship tracking system, but allowed its sales force -- the people most in need of the data -- only limited access because it feared defectors would take the information to competitors. (For more information, see "[Protecting Trade Secrets](#)."

To encourage information sharing, companies can recognize and promote people who learn, teach and share. Rosenberg adds: "We know, from an HR perspective, that people are attuned to what they are appraised for."

But incentives must be used prudently. One international high-tech firm used contributions to determine raises. Just before year-end evaluations, the system broke down with an overload of hastily composed submissions, many of them meaningless.

There are less expensive and more effective ways to encourage information sharing. For example, 25,000 Xerox field service technicians around the world contribute to the company's Eureka database of maintenance tips. The incentive is "to become known as a thought leader" or expert in the field, Goman says.

Sandy Mauceli, a spokesman for Xerox, says: "Although financial rewards were tried by various organizations early in the Eureka program, that generally did not drive the intended result. The motivation for employees to submit Eureka tips is really the recognition by their peers of being able to solve the really difficult problems."

Another way to motivate employees to share information is to show that you value and act on their ideas. Welbourne has seen such motivation in action. Her company helps clients share knowledge by gathering a wide range of information from employees in questionnaires that usually are administered weekly. She says employees have an incentive to respond to the surveys week after week because they see the company acting on their feedback.

One benefit of this approach is that information is gathered proactively, rather than waiting for employees to volunteer it. Questions asked include "what do you see and think about the business?" and "what are your ideas and best practices?" eePulse uses technology behind the scenes to organize and categorize the data, combine it with quantitative metrics and trend data, and deliver it in a way that fits how a company does business.

Welbourne says a financial services firm saved \$17 million one year based on issues and opportunities that "bubbled up." A call center reduced turnover 17 percent in six months. New leaders at another company quickly assessed a situation taking a wrong turn and reinvented strategy; its stock rose in four months and continues to rise. At another company, the CEO saved more than \$1 million because opportunities not obvious to management resulted immediately in

increased sales.

Although big benefits like these can result from the use of knowledge management programs, Rosenberg advocates starting small, demonstrating success and developing evangelists. For example, while pursuing a major bank networking account, AT&T used knowledge management tools to integrate a global sales team's efforts. The company set up an interactive web site offering competitive research fed by timely information from the field, which was accessed by the sales force. IT gave the team the agility to win the deal during an arduous sales cycle. Based on its success, AT&T began using knowledge management techniques to support its entire global sales force.

### **Buy-In from Above and Below**

Rosenberg says a key to successful knowledge management is to get buy-in from all levels before deploying the system. Consider the concerns employees will have about a new way of doing things and the attributes of your culture that encourage knowledge sharing and those that encourage hoarding.

Most important, recognize that senior executives must provide strong leadership, Rosenberg says. To create buy-in at all levels, some organizations have created senior-level positions that work solely on knowledge management. The move is typically in response to employee surveys that show employees feel they aren't heard, other departments don't understand what their department does and vice versa, and internal resources aren't used. A sampling of titles includes vice president of knowledge management, chief knowledge officer, chief learning officer, chief intellectual capital officer, chief innovation officer and even chief people officer.

Whatever the title is, the point is that knowledge within an organization must be leveraged to the benefit of all.

### **Rethinking Knowledge Management**

A new knowledge management approach that is making the rounds at companies -- and yielding measurable results -- is to imbed or "bake" knowledge into the workflow of the job. This new process works because it removes some of the human barriers to making knowledge management systems effective.

For instance, to help physicians keep up with 10,000 diseases and syndromes, 3,000 medications and 400,000 articles added to biomedical literature each year, Partners HealthCare in Boston imbeds knowledge into the workflow of its physicians through an online patient order management system. The system links constantly updated clinical knowledge and the patient's history to the IT systems. At any point, it may question the actions of physicians, who then must enter a reason for their decision into the computer. Doctors still have the ability to override the system. The power of such knowledge-based systems is that they operate in real time, says Davenport of Babson.

A study found the system reduced medication errors by 55 percent. When Partners established that a new drug was particularly beneficial for heart problems, orders jumped from 12 percent to 81 percent. When the system began recommending a cancer drug be given fewer times each day because the lower dosage had the same effect as the higher one, orders for the lower frequency rose from 6 percent to 75 percent. Likewise, when it began to remind physicians that patients requiring bed rest also needed the blood thinner heparin to help prevent strokes, prescriptions rose from 24 percent to 54 percent.

Davenport says such a system can save lives and money and can offer quantifiable results often missing from other knowledge management endeavors.

"Everybody's busy these days, and nobody seems to have the time to browse through repositories anymore," he says. "So I think the only answer is embedding knowledge into the work itself."

"It's generally agreed that something new needs to happen with knowledge management," Davenport adds. "I think people are a little frustrated, but on the positive side they're thinking there must be something out there and they're looking for what it is."

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