
A Short Course in Knowledge Management

By Jerry Ash

WHEN THE CHIEF EXECUTIVE OF A STATE ASSOCIATION LEFT HIS POST TO ASSUME THE RESPONSIBILITIES OF PRESIDENT AND CEO OF A NATIONAL ORGANIZATION, HE TOLD HIS FELLOW STATE EXECs THAT HE EXPECTED “CONTINUED DISRESPECT.”

HE GOT IT.

By “disrespect,” the chief executive meant he wanted to continue the free and open dialogue he had enjoyed with his colleagues at the grassroots level.

His emphasis on communication soon generated an avalanche of faxes, sharing the association’s political events and day-to-day policy development with constituencies across the country. In the spirit of “disrespect,” his colleagues

responded bluntly: “Stop the fax machine!”

At the time it was just a good-natured test of a new association executive’s management style. But in another part of the business world, significant events were taking place that mirrored the association exec’s dilemma. Fortune 500 companies had spent billions of dollars installing information technology and developing communication networks that would meet the challenge of the Information Age. They too were disappointed in the outcome. Computers and file cabinets became choked with unused data and information which were rarely accessed by workers who were uncertain about their roles and overwhelmed by the enormity of it all.

It was not news in the association world that information and the need for networked intelligence is at the center of what an association does. But when the industrial world awoke to the fact that the worth of their companies depended largely on what they knew in an exploding new knowledge-based economy, the earth moved.

Managing knowledge and information suddenly became as important as managing financial capital or physical plant. As industry urgently searched for ways of managing the knowledge asset, it became clear that the old military command-and-control model of the industrial past would not work in the knowledge era. And the knowledge asset, for the most part, wasn’t exactly corporate property stored somewhere in the company warehouse. It was to be found in the heads of its knowledge workers. Although not yet expressed in financial statements, employees became assets, not liabilities — they held the knowledge.

Because the knowledge asset has been elevated in the business world, associations no longer have a captive market. Paul S. Forbes, founder of The Forbes Group, Fairfax, Virginia, a strategic management consultancy for associations, observes that historically the principal product of associations has been information. “But with the explosion

of the World Wide Web, associations' lock on information has been pried open and their constituents increasingly demand net-time knowledge that won't wait for snail mail or the next convention."

The challenge to associations runs even deeper than technology. Big Six accountancies, executive management consultancies and countless communication specialty groups recognize the stakes and have jumped on the bandwagon.

Add to this phenomenon an accelerating demand for speed in the processing of knowledge. Ken Derr, chairman and CEO of Chevron, said: "Every day that a better idea goes unused is a lost opportunity. We have to share more, and we have to share faster." A report in January, 1998, by the U.S. Labor Department reveals that the race for knowledge also impacts the nature of the work itself. A two-year study shows that up to 70 percent of workplace learning is accomplished on-the-fly, calling into question the value of formal training programs that are presented in their own good time and costing as much as \$50 billion annually.

This is the environment in which associations now work. It is full of threat: that members in search of knowledge may find the association less relevant after they turn to another knowledge resource. And, it is full of opportunity: that members may discover renewed and increased value in an association that becomes an effective partner in the knowledge chase. Whether an association is a winner or victim depends on whether it is quick to understand and respond to the new environment. Clearly, an association must learn how to do more, better — organize, manage and deliver the right stuff on time, at the right time.

Associations will have to adapt quickly. They will need to rethink what they're doing, how they're doing it and why. They'll need to tear down barriers and antiquated processes; replace them with a systematic approach to knowledge-sharing based on the dynamics of a changing knowledge market.

From lessons learned by early adopters of knowledge management, we know we need to understand what knowledge is, find out who has it, reorganize operations to nourish and manage it, change the work culture to support it and build knowledge networks around it.

Understanding knowledge

With stocks trading on the international market at an average of six times their companies' material worth (Microsoft at 15 to 1), the business community is keenly aware that its value is more deeply embedded in what it knows, not what it owns. This revelation extends to all or-

ganizations, whether profit or not. But the bigger shock comes with the realization that an estimated 80 percent of the knowledge asset isn't owned. It's not in computers; it's not in file cabinets — it's "rented." It clocks out every night when the employees go home.

Knowledge, then, is people-based. It's information that has been processed, analyzed, distilled and packaged by the human mind.

Information is not knowledge. That became painfully clear during the Information Age when organizations invested heavily in information technology only to find themselves drowning in vast in-house caches of meaningless and unused data. Now they are inundated externally with even more mega-tons of information, unfiltered on-line. Organizations that do not understand the difference between knowledge and information will fall once again into the technology trap.

Auditing knowledge

If knowledge is an asset, it has to be managed just the same as the financial and physical assets of the Industrial Age were managed. It is estimated that 70 to 80 percent of what our workers know is hidden. We don't know what we know and we don't know who knows it.

Can you imagine such a scenario in the Industrial Age? If an organization didn't know what its tangible assets were or who had them, it was likely headed for bankruptcy? Even though much of knowledge is intangible, it is the primary asset and the knowledge audit is an essential precursor to managing it.

Here are some of the basic questions of a knowledge audit:

- What does your organization know? What doesn't it know? Who needs to know it?
 - Who knows what? Are they inside or outside the organization?
 - Do your leaders understand knowledge? The value of knowledge?
 - Are they leading by example?
 - Does your organization systematically organize and transfer knowledge internally?
 - Is it systematically acquiring and sharing knowledge outside the organization?
 - Are you creating new knowledge?
 - Are you leveraging knowledge to benefit your members and the association?
 - Do you measure, assign value to the knowledge asset?
 - Is your work environment knowledge friendly?
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Restructuring for knowledge

One of the reasons our knowledge is hidden is a top-down and fragmented organizational structure. With few exceptions, associations will discover through a knowledge audit that they are poorly organized to do business in the Knowledge Age. Unless they've recently restructured with knowledge management in mind, their operations are likely patterned after the top-down hierarchies of an industrial past.

Knowledge-focused industries, such as IBM, Monsanto, Dow Chemical, and the management consultancies, have already begun a transition from the old "command and control" model to a decentralized, collaborative approach more conducive to innovation and knowledge-sharing. Associations will need to consider the same. Managing the flow of knowledge requires a much different strategy than managing the movement of parts on an assembly line.

The organizational structure of a knowledge-based association will abandon the linear organizational chart and replace it with a modular structure similar to that used by Monsanto's Life Sciences Company. Functions will replace departments in a cluster of interconnected modules that encourage interdisciplinary collaboration and the natural formation of knowledge networks. It will form an organization without walls that reaches across internal barriers and outward to embrace members, non-members, even perceived competitors.

Changing the work culture

If confusion isn't the best description of today's work culture, it will become so when knowledge workers hear that the new management strategy considers knowledge and knowledge workers as valuable assets and that knowledge management calls for everyone to break out of the old work patterns to initiate, innovate and share knowledge freely. Forgive them if they are suspicious.

For most of their professional lives, they have fit themselves comfortably into professional pigeon holes where they do their best to meet the performance standards of narrowly-defined job descriptions. They have left the "big picture" up to the "front office" and taken comfort in the fact that their jobs are secure as long as they do their assigned tasks and keep their noses out of other people's business. Further, workers have assumed that the more they know the more secure their jobs are. This culture discourages out-of-the-box thinking and abets knowledge hoarding.

Then their faith that individual knowledge would protect them was shattered during the era of business process reengineering. Cost accountants saw the most knowledgeable workers as an expense, a liability that could be eliminated through down-sizing. As a result, many organizations pushed large quantities of their intellectual assets out the door. Those who were left saw an ugly message — knowledge is a liability both to the employer and the employee. Worse, knowledge hoarding may have been replaced by a new culture of knowledge hiding!

Into this cultural confusion comes the knowledge movement. Although some associations may not quite fit this worst case profile, some of it will likely apply. History will have to be overcome.

Management consultancies have first-hand knowledge of that fact. Before they began selling knowledge management consulting, they tried to practice it. International networks of consultants were expected to communicate through newly-created computer networks by sharing their own problem-solving experiences with other consultants whose clients had similar problems. They didn't. That's when the cultural barrier became clear. Consultants, after all, are in the business of selling their own knowledge; so, why share it, even with one's own colleagues. And besides, they were far too busy working with their own clients to take time out to help other consultants help theirs.

Changing the culture will be the most difficult step in creating a knowledge-based association. It must begin by establishing (or reestablishing) an environment of trust and mutual benefit.

Building knowledge networks

Knowledge management cannot be layered on top of an already-existing work process. In an open, knowledge-based organization, interdepartmental cooperation and collaboration must become an integral part of the daily routine. Teams will not be appointed; they will form naturally in a knowledge-friendly environment through the free flow of information and ideas, leading to common goals that are dependent on the interaction of skills, knowledge and resources of cross-functional groups (not teams).

Individuals will not only be aware of "the big picture" but actively involved in shaping it from the bottom up. No longer will the organization's best thinkers wait for directives from on high. Groups will not be limited to staff participants. In fact, knowledge networks should provide an interactive link with every conceivable knowledge resource, not the least of which is the members.

When members become directly involved in the interaction of a knowledge network, they will be the communicators — not the recipients — of communication and they will be much less likely to yell “stop the fax machines.” In fact, they will be actively involved in solving problems not pointing to them through the traditional market study approach to member satisfaction.

While knowledge networks are forming naturally in such a positive environment, the systematic management of networks will be essential if all this energy is to be productively directed toward the goals and objectives of the organization. We can just as easily be overwhelmed by “knowledge overload” as information overload. Knowledge itself is a seemingly limitless resource, but handling knowledge has its limits. Strategic thinking, planning and action are just as important in selecting and managing knowledge networks as in begetting committees. Decentralization must not mean disorganization.

The knowledge-driven organization needs leadership from the governing board, the chief executive and the management team. They will be the knowledge champions. At the same time, someone will have to assume the important new role of knowledge manager and it will be difficult to find the person who will fit the position profile. Colleges aren’t turning out knowledge management professionals just yet, although a few business programs are beginning to offer the course. Meanwhile, the new knowledge manager will likely be found in one of those old pigeon holes we hope to abolish.

Information management specialists see the opportunity and many are campaigning for the knowledge manager’s job. But while they talk “knowledge,” it sounds too much like “information” — remember, 80 percent of knowledge isn’t in computers. Human resource and education professionals have some of the skills needed by a knowledge manager and they are moving up to the position. But they too bear the burden of narrow backgrounds.

One answer to this dilemma might be the formation of the first network, made up of a blend of talented people from operations, human resources, education, communication, member services, marketing and information services. No one person possesses all that knowledge, but this little network would. Then the network coordinator (they don’t have “chairmen” authority figures) could act as knowledge manager. That would not only provide a solution to the problem but demonstrate the very purpose of knowledge networking.

Utilizing computer technology

Even though this article warns against the “technology trap,” information and communication technology has an exciting role to play as the great enablers of knowledge networking. But they are the medium, not the message. Once human networks are formed, the application of interactive technology can succeed because it will be layered on a new knowledge community with a need for the mutual sharing of knowledge and ideas. The power and effect of knowledge will be amplified far beyond the limits of time and space and the association will be a valuable resource in the virtual world.

Technology is such a vital player that leaving it until later would be just as fatal as letting it dominate the initiative. Educating computer techs to the true meaning of knowledge cannot begin too soon and selecting computer consultants should be based in part on their ability to pass the quiz — define knowledge; describe the role of technology in managing knowledge; tell us how much you know about our knowledge needs.

Getting started

There are those who believe that knowledge management is just another fad. They are wrong. It is as certain as the knowledge economy and the prevalence of the knowledge work that demands it. There is much yet to be learned about managing knowledge, but a wait and see attitude will seriously jeopardize the future of any association.

Now is the time to get started. The knowledge audit is a good beginning. It will help develop an understanding of the knowledge need and assess the capacity of an association to be the knowledge leader in its field. It will defeat fear of the unknown and set the wheels in motion for strategies, planning and action which can retain the association’s position as the premier source of expert knowledge and information for its members.
