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# Knowledge Management REVIEW

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Will knowledge management follow a similar path to Total Quality Management? To answer that question, we interviewed Richard Cross of Xerox UK and asked him to give us his insights on the similarities and differences between KM and quality. Here, Cross points to several ways that KM can learn from and partner with professionals who have a quality background. He also offers many practical tips for how to effect change and foster innovation through knowledge management.

# HOW KM CAN LEARN FROM TOTAL QUALITY MANAGEMENT

## Leveraging quality’s lessons to build more effective organizations

A conversation with Richard Cross, Xerox UK

Some people claim that the quality movement caused a business revolution. Others would say it didn’t live up to its promises and instead introduced tools that added bureaucracy and stifled innovation. Still others lie somewhere in between, suspecting it may have been a management trend that’s run its course. With those questions in mind, we approached Xerox, an organization noted for its success with quality and knowledge management, to explore the ties between the two. Cross is a quality professional turned KM advocate, who currently holds the position of KM principal at the newly established Xerox Global Services in the UK. From 1991 to 1994, he was the Xerox Business Excellence Quality director.

Quality principles and practices enabled Xerox to deliver a swifter, more measurable, customer-focused approach in the 1990s. It fostered a two-way dialogue between management and staff, breaking down functional silos and bringing in a new set of terms, such as “360-degree feedback”. It provoked a shift in the understanding of the role and the value of customer knowledge and employee involvement within an organization. Getting a handle on this knowledge ushered in some of the principles now grouped into knowledge management.

Despite its impact, the quality movement seems to have faltered and doesn’t get mentioned as much these days. There’s a perception that it’s

now taken for granted and embedded into how businesses are run.

However, Cross sees quality principles – particularly those relating to behavioral and cultural change – as relevant to any KM strategy. Now that many internal and external teams are virtual rather than face-to-face and business relationships are sustained at a distance, quality is as important as ever. This is because Total Quality Management (TQM) achieved major advances in providing frameworks and tools for collaboration and effective problem solving. Teamwork and customer focus were central to quality: just because businesses have become increasingly virtual, it doesn’t mean that consensus and customer focus are not even more important.

KM can build on the lessons of quality; it can even take a step beyond it to encourage innovation and creative business thinking at all levels. This involves breaking away from a focus on process that can inhibit innovation. It also means recognizing that in a knowledge economy, ideas are the items of value rather than products. To be successful, an organization needs to build environments that ensure this elusive intellectual capital is shared and nurtured.

So, what are the similarities and differences between total quality management and knowledge management?

### INTERVIEW

#### Xerox Europe

is the European operations of Xerox Corporation. Xerox’ mission is to be the leader in the global document management market, providing solutions that bridge the paper and digital worlds and enhance business productivity through sharing knowledge. Xerox Europe employs 19,000 people and has manufacturing operations and advanced R&D centers throughout Europe.

## KEYPOINTS

- Many of TQM's principles are now taken for granted and embedded into how businesses run.
- Quality principles, particularly in collaboration and effective problem solving, are relevant to KM strategy.
- KM can take a step beyond TQM to encourage innovation and creative business thinking.
- KM lacks the tangible metrics that helped secure senior

management support for quality initiatives.

- Resistance to change, lack of management support and lack of understanding are the three most common obstacles for KM advocates.
- Form alliances and partnerships with other areas of the business to discover opportunities and gain traction.

**KMR:** *What did TQM have going for it that KM doesn't?*

**Cross:** When we started the quality program in Xerox in 1983, we had a concrete example of the benefits of implementation from the turnaround of Fuji Xerox, our sister company in Japan. We also had concrete benchmarking data that demonstrated a compelling need to change. There were examples in areas such as the camera, consumer electronics and automotive industry of how quality had transformed Japanese organizations and made them internationally competitive. We realized that complacency was not an option – we were faced by a crisis of survival. This gave us the focus and the confidence to embark on a top-down approach to corporate transformation. Once we started to recapture market share from our Japanese competitors, we knew we were on the right track.

Examples like this gave our senior management a considerable degree of comfort. They came to see TQM as a necessity rather than a risk. At this stage in the development of KM we do not yet have many equivalent tangible metrics or examples. This leads people to treat the subject with caution.

**KMR:** *There's also a confusion and debate about what knowledge management means and what it can really do. Did quality have that problem as well?*

**Cross:** When quality was first introduced it was not instantly or universally accepted. There were endless debates about what it actually meant and how it was defined – or whether it was even possible to define it. There was a significant backlash that continued long after the evidence of its effectiveness was available. This was probably a defensive reaction to the demands of radical (by the standards of the time) cultural change rather than a challenge to the efficacy of TQM.

The most significant early success of TQM at Xerox was in shaping individual and organizational behavior and enhancing teamwork. We could all relate to and apply these skills. Because we had a top-down strategy, the debate on the meaning of quality was muted and then swiftly resolved

through applying its techniques to customer issues. Establishing links between customer satisfaction and purchasing behavior helped us quantify the benefits of quality.

Winning the Baldrige Award in the US in 1987 and the European Quality Award in 1992 transformed the idea of quality from an afterthought on the organizational curriculum to being central to organizational success. And we should not underestimate the fact that applying for awards provided a sense of excitement and captured senior management commitment. Here, I believe KM can learn from quality. Ultimately KM must capture the hearts and minds of all employees.

The current state of knowledge management reminds me of the description of the Bolshevik Revolution as all things to all people. At one level, those from an IT background seem to enjoy the codified content aspects, while those with an HR heritage naturally focus on people and culture. Others approach KM from the commanding and intellectual heights of the Knowledge Economy.

**“CRISIS – REAL OR CONSTRUCTED – IS A PREREQUISITE FOR SIGNIFICANT ORGANIZATIONAL CHANGE. IF YOU NEED TO DEVELOP A ROCK-SOLID ROI ANALYSIS EVERY TIME YOU DO SOMETHING, YOU MAY FIND IT JUST TAKES TOO LONG.”**

Given the varying definitions and philosophical heritage of knowledge, it's no surprise that there remains definitional dithering and measurement malaise.

There always will be critics that dislike terms or new initiatives. I had the same experience with quality. We deliberately named one of the most successful quality initiatives in Europe as 'Business Excellence' just to avoid the "Q" word. Emotion is everything; getting the branding of organizational initiatives right is very important.

**KMR:** *What's your view about the importance of metrics like ROI for KM?*

**Cross:** My preference is to look for pain points in the organization rather than become obsessive about ROI. Crisis – real or constructed – is a prerequisite for significant organizational



**Richard Cross**

joined the U.K. division of Xerox in 1982 in management development. After working in international HR, Richard was part of the team that developed the successful Xerox application for the 1992 European Quality Award. He has had significant experience in supporting strategic quality and change management assignments, including the first 5 European Quality Award winners. Currently Richard works for Xerox Global Services (UK), as Principal of Knowledge Management.

## HOW KM CAN LEARN FROM TOTAL QUALITY MANAGEMENT

◀ change. It was crisis that enabled IBM to reinvent themselves in the nineties. If you need to develop a rock-solid ROI analysis every time you do something you may find it just takes too long. The problem will have either disappeared by the time you have developed your approach, or it may have overwhelmed you.

Metrics can cause mayhem; when misused they can prove anything. It may be reassuring to state that if you can't measure it, you can't manage it, but the reality in today's digital world is that if you can measure it, it's often too late to manage it.

I don't want to sound too negative about metrics, but I much prefer management by understanding to management by data. I accept that there's a role for selective measurement, but this has to be tempered with a focus on building an environment that can support innovation. This is an absolutely essential component of any KM initiative, but it's very hard to translate into conventional productivity metrics.

**KMR:** *What's Xerox doing these days in KM?*

**Cross:** Having started as a series of grassroots efforts and an exploratory corporate initiative, it's become an integral part of our market identity. This October we formally launched Xerox Global Services. XGS focuses on Business Process Innovation, with core competencies in knowledge sharing and enterprise content management. It will play a key role in delivering our research capabilities to the market.

**“NEVER ASSUME ANYTHING ABOUT THE WAY WORK GETS DONE. KNOWLEDGE WORK IS RARELY PLANNED OR PREDICTABLE; PRACTICE INVARIABLY TRIUMPHS OVER PROCESS. PEOPLE AT WORK USE SHORT CUTS, INFORMAL COMMUNICATIONS AND BOOTLEG FILES – A WHOLE HOST OF GUERRILLA TOOLS THAT HELP THEM WORK BETTER.”**

One of these research projects gave rise to Eureka, a global system that facilitates knowledge sharing among Xerox field service engineers. This began as a collaborative program between computer scientists and anthropologists at PARC who studied the way our engineers shared knowledge by swapping field stories. By developing an understanding of the way this community worked and designing a system to honor natural work practices, we're saving US \$15 million every year in spare parts and labor. More importantly, we're solving customer problems more quickly and efficiently.

Now Eureka was based on ethnography, the naturalistic study of human behavior. That sort of approach may seem a surprising one for a high-technology company, but our goal has always been to develop technologies that support and enhance human capacities and can be artfully integrated with work practice. This year we've started delivering the Eureka approach to our sales communities. We also successfully completed a major assignment for a client using the same techniques to provide systems to support operators in a busy call center environment.

Our research centers in Grenoble, Cambridge and California do work that enables organizations of all sizes to manage their intellectual capital much more effectively, so they can react more quickly and compete more aggressively. Under the umbrella term 'knowledge ecologies', we explore links between work practices and business processes, design supporting technologies and deliver specific programs in areas such as information mining and linguistic and translation services. We think the watchword of the knowledge economy is effectiveness, that is, shaping environments where people can develop and exploit their knowledge. This enables them to innovate, create new value and drive business growth.

**KMR:** *So do you think a quality partnership can help KM? What language should KM people be using to get those with a quality discipline on board?*

**Cross:** Where a quality department has a strong strategic focus, then partnering is essential. Both disciplines can learn from each other and might find that they have similar goals. There is a tougher challenge if quality is overly mechanistic and too oriented towards regulatory compliance or efficiency. There are a number of examples where quality itself has become a barrier to organizational change and supports the status quo.

The world has changed since quality became fashionable. The conventional old economy is concerned with producing products, while the new world is concerned with making sense, often in real-time. This sense-making aspect of the new economy is dramatically at odds with the manufacturing origins of quality. It's no longer a question of charts on the wall and continuous improvement. It's about making sense of information, patterns and possibilities in order to accomplish breakthroughs in innovation. In today's environment, much of our conventional wisdom about business has to be questioned. For some organizations, quality is behind the times.

Personally, I find it intriguing that Fuji Xerox has recognized the challenge of the change

from quality management to knowledge management. They are currently sponsoring a benchmarking program for Japanese companies that emphasizes how many business process reengineering and quality initiatives focus on work process and management, but do not focus on knowledge work.

That doesn't mean that quality and KM should be mutually exclusive. In the same way that technologies rarely replace their predecessors, the knowledge-based economy has not replaced the traditional one. Rather, it adds a new dimension to it. Take, for example, GE: its Six Sigma methodology focuses mainly on traditional productivity metrics, but at the same time, it's striving to increase the intellectual content of its services.

So quality is not a thing of the past. KM has to recognize quality and vice versa. KM practitioners need to understand business planning and policy deployment processes and the role of organizational self-assessment. Such processes often control the allocation of resources to improvement activities and may well be owned by a quality group. And from a skills point of view, there are often quality networks that have expertise in facilitation and process mapping.

**KMR:** *What would you say to someone who's been given the task of developing a KM strategy – who should they talk to in the business and what should they be saying?*

**Cross:** Resistance to change, lack of management support and lack of understanding are the three most common obstacles that knowledge managers will come across. But having said that there are a number of very practical pieces of advice I can offer:

1. It's crucial to recognize that KM must start as a grassroots initiative rather than a top-down mandate. You can't simply tell people to form a community of practice. What they need is an environment that supports them and fosters facilitation and trust.
2. Identify and support the line managers who have tough problems that a knowledge strategy could help. It's important to discover opportunities where the ability to capture and re-use knowledge will prove profitable and will make a tangible difference. Try to find a narrowly defined project that can be run as a pilot and will show results in three to six months. Using that success you can develop longer-term strategies.
3. Never assume anything about the way work

gets done. Knowledge work is rarely planned or predictable; practice invariably triumphs over process. People at work use short cuts, informal communications and bootleg files – a whole host of guerrilla tools that help them work better. So even if managers think they know how work gets done, they usually don't. Sometimes even the people doing the work find it hard to describe what they do.

4. Don't parachute technology into an area and hope it works. The IT world is littered with projects where that approach has failed. In the majority of cases this was because there wasn't any effort to understand how people actually worked before implementing systems that meant they had to change. So don't rush into buying software or implementing technology. Only think of doing this once you fully understand current work practices.
5. Form alliances with IT and heads of departments. Quality programs always involved people as a basic tenet of change management and KM must do the same.

And, as a quality guru always said at the end of his talks: 'Good luck'.



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