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KM Sustainability: Bellwether Crises and Strategies

Presented by Jerry Ash

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9:45 am. to 10:45 a.m.

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For the purpose of this session, KM is defined as:

a process for optimizing the effective application of human intellectual capital to achieve organizational objectives.

In my view:

Technology is not—in itself—KM, but rather a valuable enabler of the human KM process. Communities of practice are the bedrocks of KM.

These points are *not* made to start a debate, but only to put the content of this hour in the context of the brain from which it comes.

■ **Many mature or maturing KM programs in large organizations are showing signs of decline and sometimes death. In the process, they claim:**

- KM is now embedded.
- It's simply the way work gets done—naturally.
- A central support team is, therefore, no longer needed.

■ **This hour is devoted to examining some of these cases**

- World Bank
- BP
- Clarica/Sun Life
- Xerox
- Halliburton
- U.S. Navy



The World Bank

- Putting a positive spin on a sensitive story is par for the course in corporate America, but healthy skepticism of the account provided by current World Bank (WB) managers is in order.
- WB leaders claim KM is alive and well and embedded at the grassroots level of both WB workers in the field and their client countries.
- The Bank has shut down the last remaining vestiges of the KM unit built by Steve Denning from 1996-2000.
- Responsibility has been transferred to the CIO and a reconstituted Learning Board that has been renamed the Knowledge and Learning Board.
- The CIO and Board will not provide support but, rather, oversight for the remaining KM initiatives in the field.
- Officials say this is a positive development because it removes the old Denning program from the World Bank Institute (WBI)—which was not connected to operations—and transfers the responsibility to operational teams—embedded.
- Truth is, the KM support unit has been on the decline since around the time Steve Denning left the bank in 2000 and implementation of KM strategies were always in the field.
- Denning’s unit, which encouraged and supported KM in the field, enjoyed strong executive and management support when the Bank was presenting itself as the “Knowledge Bank.”
- From the beginning the KM core team existed to promote and coordinate KM activity among staff, contractors and clients throughout the world.
- While it was used as a model by many other organizations, the Bank’s KM unit became a nomad. From IT to operations; then, after Denning announced his pending departure, to the World Bank Institute (WBI).
- Funding and explicit KM support staff dwindled, they were poorly connected and outside the mainstream.
- The grassroots KM program itself remained in operations and proceeded on its own. Where people were passionate about KM it flourished. Where they paid lip service, it did not.
- The Bank’s independent evaluation group, OED, assessed the relevance of the Bank’s KM initiative in 2003 and found the Bank had made more progress in establishing the architecture to support the knowledge initiative than in creating the work processes and governance arrangements for carrying them out.
- As a result, the strategic intent of making knowledge sharing a way of doing business and empowering clients had been only partially realised.
- Simultaneously, the head of the World Bank Institute and the CLO were discussing the idea of moving KM under the CLO.
- Using the bad report card as leverage, the move came to pass.
- In fairness, there are positive prospects as well as negative fears involved in this new initiative.



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- Bottom line, time will tell.
 - All KM champions should keep a close watch on these developments.
 - There are few other KM programs in existence more critical to the mission of an organisation than that of the World Bank. For the Bank, KM is not just a way of doing business, but the business itself. Another is the U.S. Navy (see below).

BP

- BP's merger with Amoco in 1998 brought two KM teams together.
- They immediately began developing joint plans.
- But during the merger, management had bigger issues to resolve than KM. In a rush to complete the merger in 100 days, the teams were disbanded and KM was declared "embedded."
- Knowledge management was made the responsibility of the head of technology who tried to get the heads of business streams to act as a steering group, but there was a lack of appetite.
- Where KM was strong it stayed strong because people believed in it; it was the way they worked. Where it was not, it did not.
- KM staff, now given other responsibilities, continued to try to keep focus on KM in a stealth mode.
- However, the original Amoco KM team dwindled to one and he was loaned out to a non-profit for 18 months.
- Meanwhile, mergers with Arco, Aral, Castrol, TNK and others where KM was strong it stayed strong because people believed in it; it was the way they worked.
- Geoff Parcell, the one remaining KM champion and co-author of *Learning to Fly*, sees this development as an opportunity for a KM comeback at BP.

Clarica/Sun Life

- KM at Clarica is dead. Sun Life missed an opportunity
- Even as Sun Life negotiated to acquire Clarica in early to mid-2002, it was known that Sun Life did not have a KM program.
- Hubert Saint-Onge, its celebrated architect, privately predicted it would be more likely that Clarica's KM program would die rather than be expanded to provide KM leadership to the much larger Sun Life.
- Says Saint-Onge, "These efforts require a lot of work to put in place, but they are relatively easy to dismantle.
- His colleague, Deb Wallace—with whom Saint-Onge co-authored *Leveraging Communities of Practice for Strategic Advantage*—decided to stay on. She watched the obliteration of just about everything that had been done at Clarica to implement knowledge and learning strategy.



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- Saint Onge: “I have seen decentralization in a number of companies that had a good start, came to feel the issues were looked after and that they could ‘devolve’ the central KM group. In most of the cases I have seen, it has turned out to be the end of the evolution of the knowledge platform. My sense is that you can devolve at one point but it has generally been done at too early a phase. In any event, it should always be done with a well-defined and highly coordinated governance structure dedicated specifically to the development of the knowledge platform and its utilization by business segments.”

Xerox

- Xerox institutionalised a knowledge-sharing program 10 years ago and launched its broader KM programme in 1996-97.
- It built its program around one director for leadership and guidance at the corporate level—Dan Holtshouse, director of corporate strategy, who was given additional responsibilities as chief knowledge strategist.
- In the subsequent seven years, Holtshouse became a KM icon.
- Eureka, the knowledge-sharing system in the service group, is still alive and well after 10 years in operation. A new customer network—a little over a year old—is being rolled out to major accounts now.
- Holtshouse is still thought of as the “KM guy” at Xerox.
- Therefore, from one point of view, the best of the KM program continues to be successful at the operating unit level.
- But management is losing focus. Management still thinks of Holtshouse as chief knowledge strategist, but Holtshouse says “the block and tackling” of KM projects is not a focus at the corporate leadership level now.
- It is believed the operating groups already know how to continue doing their part after years of practice. No need for further push.
- Holtshouse spends his time these days focusing on concepts for the knowledge workplace of the future and knowledge work productivity.
- Though the Xerox’ in-house experience once was expected to grow into KM consulting services, the market never really developed in the U.S. and the service is no longer offered.

Halliburton

- By contrast, after five years Halliburton continues to build a program around a ‘hypothesis’ of sustainability.
- Halliburton’s KM mantra: Ensure you have the support of management at launch; connect to the issues that keep executives awake at night, but don’t pick battles you can’t win; be 100 percent successful and prove it; and, make sure no one overlooks the real value added.



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- It's not quite as simple as that, but those are the keystones of a four-year-old KM initiative at Houston-based Halliburton that has given life to a strategy and a hypothesis for sustainability that are one in the same. (See addendum 'Halliburton's KM hypothesis' below).
 - Experience at Halliburton suggests that failure to follow any one of the guidelines in the hypothesis will lead to trouble. Perhaps it's time to stop calling it a hypothesis.
 - The strategy and sustainability hypothesis began in mid-2001.
 - The ESG (the petroleum side of the company) had already spent many years connecting and building an infrastructure to electronically move, store and analyze data. The next step was to leverage this infrastructure by connecting the explicit information it contained with 35,000 employees in over 100 countries.
 - But there was one problem: although there had already been notable successes on the technical side of KM, too many people saw its front-line use as a very fuzzy concept.
 - A scoping team was asked to study the issues and return to the senior-management team with a recommendation on how to take KM forward.
 - The team examined more than 15 different companies, their approaches, systems, methodologies and results.
 - From this investigation, the hypothesis on what would work began to form and the team proposed three pilots to test the concepts in several parts of the business. The initiatives needed to be pragmatic, systematic and able to deliver measurable results. They also had to solve large and complex business issues.
 - The first three initiatives were tied to projects where KM could add value and led to the project-based KM initiative that exists today.
 - In time, Michael Behounek became director of a new KM core team.
 - To date, the core team has assisted the formation of 19 communities and all have proven successful. Each had a unique business case and each exceeded its original target, as verified by the relevant business unit.
 - Obtaining and maintaining management sponsorship in the executive suite or the business unit depends on tying KM projects and P&L responsibilities together.
 - It is the number one strategy for assuring sustainability of KM.
 - Halliburton restructured in December, creating a Chief Operating Officer and divided the COO's domains into three divisions—ESG (which provides upstream petroleum services and consulting to clients); KBR (which is the high profile part of Halliburton, which includes services to government), and a third component called simply 'Functions.'
 - The KM team has been placed there under the Supply Chain and Management Systems unit—a major step up the organizational ladder.
 - Before this year is out, the KM initiative will not only be serving ESG, but KBR as well.
 - KM is thus viewed throughout the organization as a vital business function.



U.S. Navy

- This is a story in progress.
- From 1998-2002, the CIO's office in the Department of the Navy (DON) was assigned the responsibility of developing a knowledge sharing program for the 800,000 people in the DON, the U.S. Navy, Marines and Secretariat.
- Alex Bennet, who became a recognized KM leader and authored over 500 articles and two books, led this enormous initiative.
- However, in 2002, she left the DON to launch her own consultancy at a retreat in the hills of West Virginia.
- At the same time, the very sophisticated KM program she launch was considered complete, both in terms of structure and culture. KM was declared embedded and the DON ceased its overall role as chief champion for KM.
- Sound familiar.
- The Navy and Marines were expected to carry on.
- But unlike the World Bank story, it appears KM did not falter as the responsibility shifted.
- The DON initiative was actually carried out at the service level
- The Navy in particular has carried forth on the strategies of the DON.
- And, like the World Bank, KM has become the primary business of the Navy, particularly on board the world's largest carrier fleet.
- The key to military success has become 'Superior Knowledge,' not just 'Superior Firepower.'
- Not just Smart Bombs, but Smart People supported by technology.

Conclusion

Though different, the common denominators in all these stories are questions of continuous focus, strong and respected championship, clear value, funding and a strong operational support system. To provide anything less would be foolhardy in a knowledge-driven environment.

Links

STAR Series with Hubert Saint Onge and Deb Wallace
<http://www.kwork.org/Stars/saint-onge.html>

STAR Series with Michael Behounek
<http://www.kwork.org/Stars/behounek.html>

Archives, Inside Knowledge Magazine (*Subscription*)
<http://www.ikmagazine.com>



Addendum

Halliburton Hypothesis

To assure a sustainable knowledge management program, an organization needs to:

- Create sustainable knowledge management, by providing
 - Executive Sponsorship
 - at the business unit level
 - for a small core team
 - A focus on a vital business need and an articulated business case
 - Don't be a company-wide initiative
 - Be project based
 - Budget for appropriate resources, including time and funds

- Ensure sustainability, by providing a KM process design that includes:
 - Dedicated facilitation, embedded leadership
 - Easy to use tools
 - Integration into users' workflow (embedded)
 - Reciprocity

- Help sustainability, by:
 - Focusing on solutions that assist the organization in problem-solving
 - At the business unit level to drive productivity, quality and innovation
 - At the job role level to help people in their daily work life (reciprocity)
 - Collaboration, which is key and requires focus on the organizational environment
 - Targeting a business need; don't be a hammer looking for a nail
 - Tying into existing efforts and initiatives
 - Paying attention to details; shortcuts are dangerous

- To maintain sustainability, KM programs must be able to:
 - Provide intrinsic rewards by making people more effective
 - Provide validated, trusted information and solutions
 - Adapt to meet changing business needs over time
 - Prove value with a continuous measurement system
 - Financial
 - Business objectives
 - Input, process, output

This is not a menu for Halliburton. Each item is a must and requires constant attention. The hypothesis surmises that failure in any one category can lead to failure of the whole.

