



# Knowledge Management: Competitive Weapon

*One of the keys to organizational success.*

Bill Baker

The easiest thing to say about Knowledge Management is either, “What is it?” or, “It sounds like an oxymoron ... like military intelligence!” The real question we should be asking, however, is, “What does it mean to me and my company and what can I do that makes a difference?”

About 15 years ago the term Knowledge Management (KM) was coined to describe how we handle the one true asset we have in our organizations: the knowledge that we have gained through trial and error and that sets us apart from our competition. America has been nostalgically looked at as a culture of inventors, cowboys, and innovators. We came to a new country and had to survive without an established infrastructure and bureaucracy to guide us. Some of our American icons like Thomas Edison, Eli Whitney, Wyatt Earp, Billy the Kid, the Rockefellers, and Steve Jobs have fueled this belief that independent thought leads us down the road to celebrity, success, and riches. Part of this psyche is the view and belief that knowledge hoarding is the way to your future and sharing your knowledge is a bad thing.

Quite the opposite is true. Most of the successes and innovations have come about by groups and teams of close workers who combined their knowledge toward achieving a common goal. Especially in today’s world, rapidly-changing technology and many different disciplines make it

## In Brief

Effective Knowledge Management will help an organization to support rapid continuous learning, sharing, and reusing of tacit knowledge, according to author Bill Baker. He notes that KM, integrated with innovation to achieve the breakthrough results, can contribute to market share leadership.

virtually impossible for the lone individual to be the one source of knowledge. In addition, the speed of change makes it very difficult to keep up.

So what is the answer to being successful in your business? One of the keys to the correct answer is Knowledge Management, or whatever label you want to put on it ... knowledge sharing, Rapid Knowledge Transfer,<sup>1</sup> the Learning Organization,<sup>2</sup> the Knowledge Worker,<sup>3</sup> Intellectual capital,<sup>4</sup> and Professional Intellect.<sup>5</sup>

I like the quote from Thomas A. Stewart in his book, *Intellectual Capital: “Information and knowledge are the thermonuclear competitive weapons of our time. Knowledge is more valuable than natural resources, big factories, or fat bankrolls. In industry after industry, success comes to the companies that have the best information or wield it more effectively — not necessarily the companies with the most muscle.”* This puts it in perspective for me. We get the most return by leveraging our employee knowledge and by out-thinking our competition with new products and services and how to deliver them. We

must use our heads collectively and not just our hands.

The key element in our company knowledge is what we called tacit knowledge, that knowledge that is captured in our brains from the trials and errors that we go through on a daily basis. This is what the toolmaker captures over his 40 years of experience to reduce errors, build tools faster, and make his life more enjoyable! It’s also why we suffer when he finally decides to retire. It’s even worse today because very few of us will stick with the company for 40 years. By all accounts, somewhere around 80 percent of our key knowledge is not captured in a transferrable way ... it’s all in our heads.

A vigorous KM program/process is needed to capture this tacit knowledge, so that we do not lose our competitive edge and have to reinvent previously-identified solutions. The factors we have found that comprise a winning KM program are these:

1. Management commitment
2. An established process
3. Early successes
4. A sharing culture and environment.



## Management Commitment

Management commitment must come first in an organization. This means you, as an important leader in your company, can make a difference by indentifying your company's core knowledge and seeing that the people involved in that area are appreciated and encouraged to share and learn from each other. From a knowledge perspective, forming a Community of Practice (CoP)<sup>6</sup> around specific core knowledge can create a feeding frenzy among those involved. The CoP approach must be fed by individual interest, passion, and facilitation to make it work, however.

In an organization the CoP is like an egg — very fragile and it must be “hatched” by management, not directed and over-managed, or it will spoil or break. I have witnessed CoPs that recruit experts who have been in a company for 20-30 years and have very advanced knowledge in a technical subject who ask, “What’s in it for me?” The company management and culture must support sharing and give recognition and also meet the needs of these experts. Recognition that the expert is the expert will normally go a long way, but some will also need additional emotional and intellectual recognition such as promoting future discoveries and establishing a continuing legacy. The risk is that the expert will want to “con-

sult” after leaving the company and will perceive sharing knowledge as inhibiting this opportunity. This is where management will earn its money to promote sharing and capturing knowledge ... no one says it will be easy!

## Established KM Process

Having an established process to create, capture, share, and reuse knowledge makes it easy to describe the steps and the goals of the program, especially to engineers and technical people. After all, they grew up intellectually with the academic discourse on scientific method, management by fact, and everything is process. Most information technology (IT) companies that address KM will propose a computerized solution that will manage your knowledge. This was all the rage in the 1990s and was perceived as a big market opportunity for them. What evolved was that big “systems” were purchased; management found out later that they were not being used. They had not been integrated into the daily standard work of the knowledge workers. It was too much trouble and took too long to fill out forms. Often the captured knowledge had become stale and was out of date or the person who captured the knowledge had left that particular job or the company, so there was no one to talk to.

The successful KM programs have a strong mix based on a sharing network of passionate people who use a simple, effective IT tool and it's supported and expected by management and the company culture. Buckman Labs, which has been identified as a world-class leader in KM, created their own system and all field sales people are encouraged to ask questions and post solutions in a real-time customer focused manner.<sup>7</sup> Because their sales are worldwide, there may be a specific problem in South Africa that has been solved in Memphis, TN. The salesman in South Africa can post the problem asking for help. Many times solutions are provided within the hour and the situation is resolved, much to the benefit of value-added and customer satisfaction. Bob Buckman, past chairman, would personally monitor responses and individuals' participation to the point he would send e-mails to people not actively contributing often to their KM system. When you get a message from the chairman of the company, you sit up and take notice of where the priorities are! This system contributed heavily to their competitive advantage and built their market share. What I see here is a relatively simple system with a high visibility and expectation of use that ties right back directly to rewards and recognition — an effective KM process and system.

## 2009 North American MAKE Winners

### Enterprise/Company

Apple  
APQC  
ConocoPhillips  
Fluor  
Google  
Hewlett-Packard  
IBM  
IDEO  
Microsoft  
MITRE

### Sector

Computers and electronic consumer products  
Non-profit  
Oil and gas  
Engineering and construction  
Internet searching services and portals  
Computers and office equipment and IT solutions  
Computers and office equipment and IT solutions  
Product design, development, and consulting  
Computer software  
Non-profit research & development



## Early Successes

Early successes are important to illustrate to the masses that the KM system works for the company and for individuals. Most sharing/learning events are a two-way process. The sharing company or individual will spend about 2/3 of the work effort to share and the learning organization or individual will spend about 1/3 of the effort. Hence, you can see why the “What’s in it for me?” question is a logical question to ask if you share. The best answer is the recognition that they receive from management and their colleagues. Also, some companies have installed additional incentives such as credits on their annual performance reviews to those who share and/or reuse. The same question can be asked by those who reuse. For instance, do they get as much recognition/reward if they reuse a solution as they do when they invent something from scratch? As in any new change to the culture, all eyes will be on those who rapidly adopt knowledge sharing and reuse and those who drag their feet or resist. Whatever the general perception is, that’s how the culture will proceed.

At Texas Instruments,<sup>8</sup> management initiated a “Best Practice Sharing Day” where success stories were recognized on stage and trophies were presented, recognition photos were taken, and handshakes with the president were part of the ceremony. The stories of what they did were explained with the purpose of supporting the process by recognizing successes.

## A Sharing Culture and Environment

Vision statements, mission statements, strategies, goals, ethics, slogans, the balanced scorecard, performance review criteria, management structure, empowerment, and expectations all feed into create a culture. KM practitioner and author

---

*Incorporation of KM sharing and reuse criteria into every level of performance review goes a long way toward proving you mean what you say — it’s in black and white, where it counts.*

---

Melissie Rumizen served in the army and learned that the army culture was to arrive 10 minutes early for a meeting. This was not in the manuals or procedures, but was a learned behavior and it was expected.<sup>9</sup> Cultures do not change rapidly. KM processes have to be reinforced continually in all statements, printed matter, and all outward signs issued by every level of management. Many KM reinforcement “atta boys” can be instantly dashed by one loose comment or contra action that proves to the masses that you did not really mean it! KM is totally dependent on the culture and the culture is made up of me, you, and everyone else.

Incorporation of KM sharing and reuse criteria into every level of performance review goes a long way toward proving you mean what you say — it’s in black and white, where it counts. Management must follow the rules, too!

The best overall description of a cultural transformation model I’ve found has been created by Teleos and The Know Network<sup>10</sup> which sponsors and runs the annual MAKE Awards (Most Acknowledged Knowledge Enterprise). Their website is <http://www.Knowledgebusiness.com> and lists the criteria and the recent winners of the awards in four geographic categories: North America, Pacific Rim, Europe, and Worldwide.

There are eight criteria that contribute to the MAKE Award:

1. Ability to create and sustain an

enterprise knowledge-driven culture

2. Ability to develop knowledge workers through senior management leadership
3. Ability to develop and deliver knowledge-based products/services/solutions (innovation capability)
4. Ability to manage and maximize the value of enterprise intellectual capital
5. Ability to create and sustain an enterprise-wide collaborative knowledge-sharing environment
6. Ability to create and sustain a learning organization
7. Ability to manage customer/stakeholder knowledge to create value and enterprise intellectual capital
8. Ability to transform enterprise knowledge into shareholder/stakeholder value (or societal value for non-profits and public sector).

You can see that the MAKE criteria are focused on enterprise-wide, culture-based, and sustainable support of knowledge sharing, value creating, and customer-focused processes. I think I used all the buzzwords in the preceding sentence, but that’s the basis of KM.

The awards themselves are voted on by KM experts actually working in the field who are exposed to others’ best practices, systems, and successes. The winners recognized in 2009 and their industry sectors are listed in an accompanying box. They include



both large and small enterprises.

Another example is Merrill Lynch's electronic systems that capture their aggregate experienced knowledge and quickly bring less-experienced analysts up to speed.<sup>11</sup> The expectation is that it is relatively easy, given the prerequisite learning and adaptive capabilities. But this is what KM is all about: learning faster and applying that knowledge in faster and more innovative ways.

The resulting conclusions we can add are that an organization's culture must expect and support rapid continuous learning, sharing, and reusing of tacit knowledge integrated with innovation to achieve the breakthrough results. This best-in-class distinction can help your organization to achieve and sustain market share dominance in your sector.<sup>12</sup>

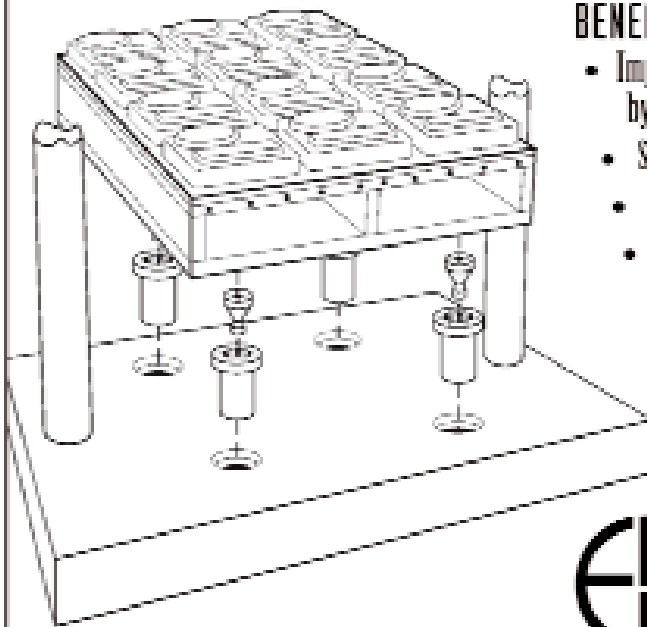
*Bill Baker of Speed to Excellence is a frequent speaker on benchmarking, performance measurement, knowledge manage-*

*ment, Raytheon Six Sigma, and the lean enterprise. He was a key trainer in the USAF Executive Transformation Seminars on leading change management and the lean journey. He served as the knowledge management and benchmarking champion for Raytheon, and previously was responsible for benchmarking and the benchmarking process at both Texas Instruments and Raytheon. Baker is a senior Shingo Prize examiner and contributed to the 2006 AME/Shingo/SME-developed lean certification process. He was chair of the 2005 AME annual conference. Baker was one of the five AME/APQC Community of Practice (CoP) founders in 2005 and remains a member of its steering team. He is a member of the Target editorial board and in addition to Target articles, he has contributed to the National Productivity Review, Quality Progress, and other periodicals, and various books. He co-authored the book Winning the Knowledge Transfer Race with Michael English.*

#### Footnotes

1. English and Baker, *Winning the Knowledge Transfer Race*, 2006.
2. Peter Senge, *The Fifth Discipline*, 2003.
3. Peter Drucker, *Harvard Business Review*, Jan-Feb 1988.
4. Thomas A. Stewart, *Intellectual Capital*, Doubleday, 1997.
5. Quinn, Anderson Finkelstein, *Harvard Business Review*, Mar-Apr 1996.
6. Wenger, McDermott & Snyder, *Cultivating Communities of Practice*, Harvard Business School Press, 2002.
7. Melissie Rumizen, with Bill Baker, 2003.
8. O'Dell and Grayson, *If Only We Knew What We Know*, The Free Press, 1998.
9. Melissie C. Rumizen, *The Complete Idiots' Guide to Knowledge Management*, CWL Publishing, 2002.
10. Teleos and The Know Network web site, <http://www.Knowledgebusiness.com>.
11. *Harvard Business Review*, Mar-Apr 1996.
12. English and Baker, *Winning the Knowledge Transfer Race*, McGraw-Hill, 2006.

# QUICK CHANGE CYLINDER LOCKS



#### BENEFITS...

- Improve tool change over times... by more than 50%
- Self aligning...precisely repeatable
- No bolts-no wrenches
- Adaptable to all tools and components
- Simple to install



➔ Call for our new catalog

Tel: 937.295.3672 [www.segen-online.com](http://www.segen-online.com)



**EDWARD D. SEGEN & CO., LLC**

A TOOLING TECH GROUP COMPANY

P.O. Box 319, 100 Enterprise Dr., Ft. Loramie, OH 45845