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Putting Ideas to Work

Knowledge management can make a difference—but it needs to be more pragmatic

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OVER THE past 15 years or so, many large organizations have embraced the idea that they could become more productive and competitive by better managing knowledge—the ideas, insights and expertise that originate in the human mind.

In practice, however, some of them are still struggling to make it work. Their knowledge-management efforts, while useful in some ways, haven't necessarily led to better products and services, more effective employees or superior work processes.

What went wrong? Some firms stumbled by focusing their knowledge-management efforts solely on technology at the expense of everything else, while others failed to tie knowledge programs to overall business goals or the organization's other activities. A new approach is needed if knowledge management is to transition into a more pragmatic discipline, one that can be used to improve specific job functions and work processes.

We define knowledge management as a concerted effort to improve how knowledge is created, delivered and used, and we propose that organizations adopt a management strategy that addresses each of those three key activities. By doing so, we believe they will stand a better chance of reaping knowledge management's full benefits.

There is no single recipe for managing knowledge; the right formula depends on the organization's overall objectives. So while firms in highly competitive industries may choose to focus the majority of their efforts on knowledge creation because their survival depends on having the most advanced products, others, say those with far-flung operations, may be better off focusing on how best to disseminate existing know-how to diverse work forces. Still others may choose to pursue all three activities aggressively.

BACK TO SCHOOL

- **The Issue:** Knowledge management, in practice, has fallen short of its goal of transforming the way companies work.
- **The Problem:** Many firms have focused solely on disseminating knowledge via technology, ignoring the other aspects of knowledge management.
- **The Bottom Line:** Organizations need a broader management

Whichever aspect of knowledge a company pursues, it is important to focus it on particular jobs or business processes. As an example, the engineering and consulting firm MWH Global, based in Broomfield, Colo., has more than 7,000 employees around the world but focuses its knowledge creation, dissemination and usage activities on six job families that it has determined are critical to its success.

strategy, one that addresses how they are creating, sharing and using knowledge.

Here is a closer look at each of the three knowledge-related activities and suggestions for managing them effectively.

KNOWLEDGE CREATION

Under old approaches, organizations often didn't manage knowledge creation in any formal way. They left it to their research-and-development or new-product groups, which weren't that familiar with the process because they were focused on the creation of products, not the underlying knowledge necessary to develop them.

But as the hypercompetitive markets of China and India produce new products, services and ways of doing business that are having a profound impact on all economies, organizations are taking a greater interest in knowledge creation to spur innovation.

The organizations with the best knowledge-creation programs define in advance the type of information they need and why they need it—say to improve customer service or to develop easier-to-use products. They solicit ideas, insights and innovations from rank-and-file workers, customers and business partners, rather than relying solely on the R&D staff to come up with the ideas. Technologies such as internal corporate blogs and wikis—which are collaborative Web sites where anyone can edit, delete or modify content—are encouraging this broader participation in knowledge creation.

Nokia Corp., the mobile-phone maker based in Finland, has benefited from having a knowledge-creation strategy that extends far beyond corporate headquarters. To take advantage of innovations in local offices around the globe, Nokia has set up Web sites and several different wikis to encourage employees to share what they know. Researchers are urged to record their observations in blogs and collaborate with universities, design firms, and telecommunications-industry partners. The knowledge that comes out of these efforts, which ranges from technical know-how to a broader understanding of the way different cultures address mobility, has helped Nokia remain a leading player in the world's mobile-phone market.

Consumer-products giant Procter & Gamble Co. is becoming well-known for its "Connect and Develop" strategy, where managers seek to identify and team up with other companies, universities, academics, retirees and individual inventors who have ideas or expertise that could help the Cincinnati-based company develop new products, technologies, packaging,

design, business models or manufacturing processes. The result: More than 40% of P&G products have an externally sourced component, up from less than 10% just six years ago.

The World Bank, meanwhile, has nurtured a network of more than 5,000 lawyers, accountants, freight forwarders, architects and public officials across the world to create a comprehensive database of indicators allowing it to compare the ease of starting and sustaining private businesses in 178 countries. The "Doing Business Report" has become one of the most relied-upon tools in the development world.

KNOWLEDGE DISSEMINATION

Disseminating knowledge via technology is the most common activity within knowledge management. Organizations share knowledge through a variety of platforms, including corporate intranets, Web portals and database-software programs.

Under old approaches, knowledge content often was collected, organized and displayed in its own repository, kept separate from more structured types of information like sales figures or corporate reports so as not to dilute its value. That thinking, however, forced employees to go to different Web sites and databases to get the information they needed to do their jobs.

In contemporary approaches to knowledge sharing, the focus increasingly is on putting in one place all of the content a specific group of workers needs, regardless of its source. To that end, many organizations are using Web portals or intranet sites as one-stop information shops designed to support the jobs or work processes they deem to be most critical.

Global engineering firm Fluor Corp. has a Web-based knowledge-management system that supports employees through 43 communities aligned with functional and industry-specific knowledge. The system gives more than 25,000 workers immediate access to all the procedures, guidelines and standards needed for their particular job function. An engineer of electrical power plants, for example, has access to designs, specifications and best practices for that kind of plant.

Intel Corp.'s Technology and Manufacturing Group has a content-distribution approach aimed at helping workers perform closely scrutinized tasks such as capital-equipment purchasing. So-called dashboards—which are Web pages set up to pull, organize and display real-time information from various sources—alert capital-equipment purchasers to critical transactions, price changes and anything else that might help them make decisions, such as when to buy a particular commodity.

KNOWLEDGE APPLICATION

Obtaining and sharing knowledge is beneficial only if employees use it to get better at what they do—that is, they learn from it.

Many organizations are finding that the best way to encourage workers to put knowledge to use is through "learning" programs—practices such as mentoring, on-the-job training, workshops and other initiatives that often are run by the human-resources department.

In the past, most companies treated knowledge and learning as separate entities. These functions were managed by different departments, and the groups didn't coordinate their activities or work toward the same business objectives.

That is starting to change. A survey of 20 high-performing businesses conducted in 2006 provided strong evidence that learning and knowledge initiatives increasingly are being intertwined and targeted at mission-critical work forces.

Knowledge management was well established at 60% of the firms we interviewed, and just over half said their knowledge and learning programs were formally tied. A substantial majority of the companies—70%—said their knowledge-management initiatives, well-established or not, were focused not on all employees equally, but on mission-critical work forces.

Some created and maintained "communities of practice," a form of social learning that occurs when people with a common interest in some subject or problem are brought together to collaborate over an extended period to share ideas, solutions and innovations. The communities involved such online activities as wikis and blogs, in addition to face-to-face activities such as community meetings and a lecture series.

Educational Testing Service, a private educational testing and assessment organization in Princeton, N.J., has had success combining its knowledge and learning functions into a single group.

The group introduced the "After Action Review" process at the close of each project to review what happened on the job and what could be learned from it. The head of the Elementary and Secondary Education division at ETS credited the process with better-managed subcontractor relationships, more effective techniques in working with state departments, and improvements in processes used by test developers, publishers and data analysts.

There are, of course, other ways to think about knowledge and the role it should play at various organizations. But by focusing on knowledge creation, dissemination and application, organizations will at the very least ensure they are giving knowledge the attention it deserves. The stakes are high: As knowledge-based work plays an increasingly important role in economic life, knowledge will only grow in importance as a business resource over the coming years and decades.

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