

# A White Paper on Knowledge Management and Corporate Culture

"Creating the right company culture in your organisation,  
so that Knowledge Management can work"

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## Overview

What is culture? A working definition is 'how we do things around here'.

This white paper outlines how a knowledge management culture can be grown within your organisation.

It discusses some business, structural and people factors.

The knowledge management culture is compared with other organisational cultures, and the inevitability of knowledge management is advocated.

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## Introduction

This paper covers quite a broad range of concepts, from notional to detailed.

Some parts of the paper are 'hands on', where action points are referred to. These parts are written in a direct style, for speed of communication.

To declare an interest in the subject: knowledge management works. The author is passionate about knowledge management, and how it can be used to improve the quality of life for people in organisations.

This paper is written on the assumption that the reader is prepared to suspend any doubts they may have about the usefulness of knowledge management, and read with an open mind.

The degree to which you can be *opened minded* about knowledge is crucial in determining your success in advocating knowledge management within your company. *Our beliefs filter our perception*, especially with intangibles such as 'knowledge management' and 'culture'.

This paper is an introduction to a big subject and can only scratch the surface in the space available. Within the paper, some points have been made but have not been pursued (to help set a context). These points are labelled as being outside the scope of this paper.

## The Beginning of Change



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### Audience:

The individual manager wishing to learn about knowledge management and organisational culture.

Interested in the 'big picture', in order to understand how to gain commitment within the organisation.

This paper is written by a UK resident for a western audience. It may have an incorrect emphasis for others.

### Defining terms:

The terms 'organisation' and 'company' have been used interchangeably in this paper, because people tend to identify better with one or other of the terms.

What is culture? A working definition is 'how we do things around here'.

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## Demonstrating the business benefits of a knowledge management approach

### *Organisations in need*

Depending on their culture, organisations approach knowledge management (KM) in very different ways.

Ironically, the organisation which has most need (because it has allowed itself to fall behind) will typically have the most difficulty justifying and implementing KM, and thereby will fall further behind.

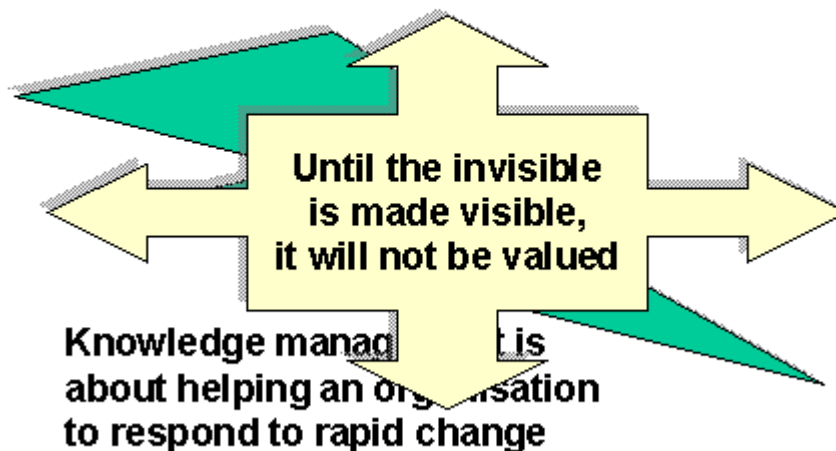
There are many significant differences between organisations based on the industrial model and those which are already knowledge based. The industrial and knowledge models are defined presently.

The approach for introducing new KM initiatives within each type of organisation is very different.

Even though a knowledge intensive company uses knowledge, it may not appreciate its value because as an asset it is almost invisible. One of the functions of knowledge management is to apply frameworks to knowledge so that it becomes more explicit. In other words, get the value of knowledge on the agenda.

## Demonstrating the business benefits

of a knowledge management approach,  
to gain senior management commitment



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To demonstrate a business benefit, knowledge must be equated with something that the people within a business care about. Some principles are outlined here; the specifics have to be determined on a case by case basis.

In general, business benefits are best justified both on a financial basis and on intangible factors. Find a way to make the financial figures satisfactory in their own right, and stress that the intangible factors are more important, even though this cannot be explained directly.

Knowledge management can be applied to many areas within a typical modern organisation. KM means getting organised - which means being systematic.

All KM involves an element of technology, to a greater or lesser extent. A key early decision is to decide what a KM system needs to include within its boundaries.

Every circumstance is different; KM is not cheap and it is not a panacea. It needs to be carefully planned in a phased manner. There are many seemingly contradictory factors to consider when deciding where to start on a KM project, and how big the phases should be.

## ***Tying KM in with strategy***

Your organisation will have a strategy that explains how it makes a profit with its products and services.

Depending on a number of parameters, including the maturity of the business, a set of major goals will be pursued by the business to maintain its value.

## **Demonstrating the business benefits**

of a knowledge management approach,  
to gain senior management commitment

### **Find your organisation's hot button.**

**For example -**

- *Technical excellence*
- *Customer intimacy*
- *Production efficiency*
- *Superior quality*
- *Faster time to market*
- *Staying on top of the competition*

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The above measures are examples for guidance. Find out which processes are important to your company. Take it as a dubious sign if all measures are considered to be crucially important; organisations that do not focus are wasting energy. Analyse the business opportunities, and speak in those terms when justifying investment in knowledge management.

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## ***Basing KM on process improvement***

On a departmental level, ask yourself these questions to help to justify KM.

- What are the most important processes we carry out?
- How can we systematise these processes so that –
  - they operate more quickly?
  - they are more effective?
  - so that we are not so dependant on key staff?

### ***Some words of caution***

Knowledge management should be considered on an overall organisation level. It is too important to be limited in one's thinking for something that is so fundamental for modern business. If KM isn't on the agenda, then ask yourself why.

Having got the big picture, it could well be that first steps are taken in a very controlled way. But only after the context has been established. Trying to create a KM culture based on functional department improvements alone may be wrong.

If it is decided that a particular functional area is to be a pilot for KM, choose one that involves networked teams or important processes. Some functions are quite readily enhanced by a KM investment.

For instance, many companies report a very high ROI on competitive intelligence.

Conversely, although purchasing improvements have a direct saving on the bottom line, the purchasing function is usually well organised and new KM techniques may not be a high priority. A caveat here: it does depend on how 'purchasing' is defined; there is often merit in a certain amount of entrepreneurial thinking. When purchasing meets business strategy, big things can happen. Usually though, purchasing is compartmentalised.

Note that for multinationals, the cultural alignment issues are much more evident and have to be handled very carefully. Ultimately, knowledge management is a great leveller and this will not be welcomed by all parties. Part of what is demanded nowadays in fast moving companies is a willingness to re-evaluate first principles. This is part of knowledge management.

### Expectation setting

Knowledge management is a complex discipline, and expectations need to be set correctly when claims are being made for business benefits. Changes cannot be made very quickly because they involve people’s beliefs; expecting rapid changes is unrealistic. What is reasonable is to regard time as an issue and work on it; much can be done by innovative techniques.

#### Some things cannot be rushed.

I have a microwave fireplace at home. You can lay down in front of the fire all night... ..in eight minutes.

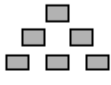

*Steven Wright (comedian)*

Knowledge management can be a risky investment because by its very nature it spans several disciplines and requires a new approach. Conversely, the cost of not investing in KM is very high (in competitive industries). There is little choice about whether to invest, but rather to find a way of minimising the risk while embracing knowledge management.

### Identifying the right organisational structure for knowledge management

The 'right' organisational structure is only a guide. Knowledge management is a process, not an event. Knowledge management means fluidity and lessening of organisational structures, and an increased emphasis on resources and projects.

## Organisation and Culture

	Industrial Culture	Knowledge Culture
Organisation	 Hierarchies	 Networks
Focus	Profit	Customer
Culture	Control Responsibility	Responsibility Contribution
Key Measure	Efficiency	Effectiveness

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The industrial culture and the knowledge culture are different in many ways. This is a very brief summary –


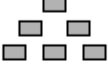


Industrial Culture	Knowledge Culture
Limited information distribution	Wide information distribution
Many management levels	Few management levels
Uneven responsibility	Shared responsibility
Rules based	Principles based

Structured	Unstructured
Risk adverse	Able to take some risks
Inward orientation	Outward orientation
Occasional training	Continuous learning
Financial focus	Marketing focus
Political	Open

The table above might suggest that both types of culture have their advantages. This is true, but in a straight contest involving rapid change, companies which have a knowledge culture will beat companies that are based on the industrial culture.

### Before and beyond the Knowledge Culture

## Organisation and Culture

	Feudal Culture	Industrial Culture	Knowledge Culture	Creativity Culture
Organisation	 Territorial	 Hierarchies	 Networks	 Flow
Focus	Land	Profit	Customer	Innovation
Culture	Domination Control	Control Responsibility	Responsibility Contribution	Contribution Creativity
Key Measure	Quantity	Efficiency	Effectiveness	Quality of Life

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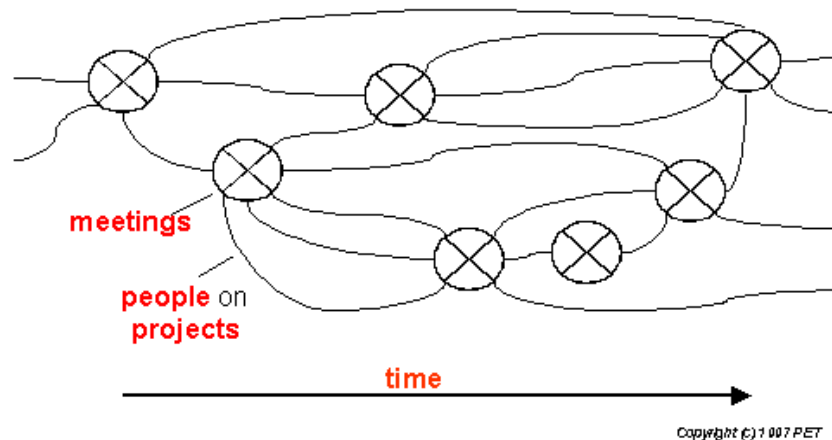
Business, as we know it in the west, is almost completely conducted according to the industrial and knowledge cultures.

Since this is a white paper about culture, the other 'fringe' cultures are shown in the diagram for the sake of completeness. At the risk of being philosophical, there is a pre-culture column that could be drawn to the left where the key measure was 'survival'. On the right, very few people have made the transition to the creativity culture while still running a business.

Here are some observations about the culture and organisation diagram above -

- There is a movement from left to right; cultures have an innate tendency to evolve.
- People who are absorbed by a particular culture tend to find the culture to the right to be quite meaningless, and the culture to the left to be almost valueless.
- The transition from one culture to another is not smooth.
- The linking concepts '**control**', '**responsibility**', '**contribution**' can help enormously with the transition between the appropriate cultures. In each case, the quality of the concepts is different within the separate cultures.

# The Organisation of the Creativity Culture



The structure of the creativity culture is based on time. Unlike the industrial culture, for instance, which is based on position in the hierarchy.

## Creating new links and processes to develop a knowledge sharing culture

The following is a simplistic account of how to start changing culture. This paper may give the impression there are only a few factors to take into account; but this is not so. Get as much support as you can within the company to make good decisions on what needs to be done. And consider specialist help, which will save you from making some costly mistakes that may seem obvious with hindsight, but are not at the time.

If you are introducing knowledge management to your company, you will be kept busy. There is a lot to learn and you will have to attend many meetings and develop a network to spread the word.

The outcome at first is to find people who don't need to be convinced about the changes you are planning, and make agreements with them. This paper should contain information which is helpful in getting started. Aim to have people working without your having to push them; the difficulty is getting and maintaining mindshare with a broad power base.

Tip: Don't leave a meeting until you've got someone excited about what is happening.

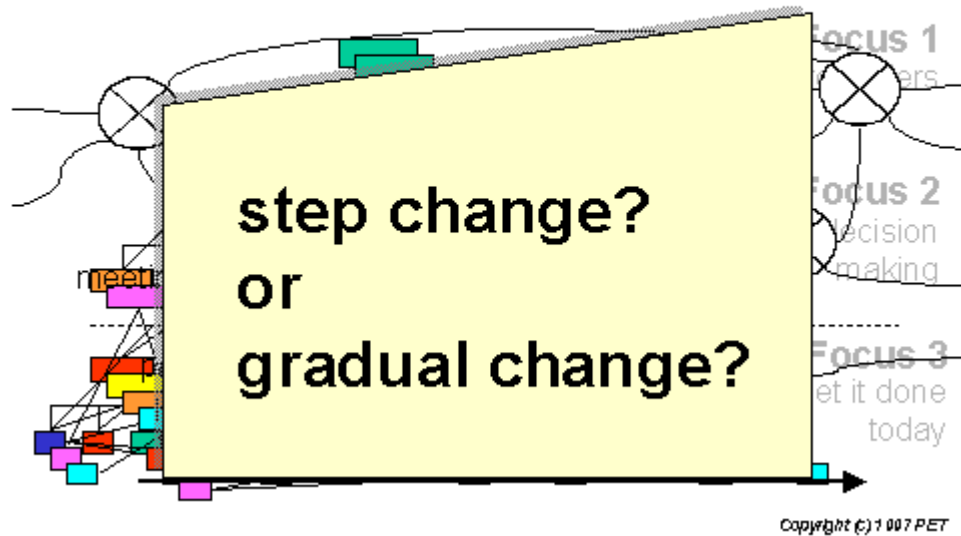
When you are asking for support, make sure that you clearly articulate the benefits, and be honest about the downsides. Develop good reasons why the downsides have to be turned around.

### Step changes

Don't plan for gradual, gentle change from the industrial culture to the knowledge culture - you'll never get there. The price you pay for keeping the pain of transition down is that the status quo just stays with you. For instance, people can't gradually change from being risk averse to taking risks; something noticeable has got to happen.

## Creating new links and processes

across all functions and divisions to develop  
an information sharing culture



A significant point that any organisation must contend with is: How can a culture go from being political to being open? Fortunately, the truth will win - increased information flow leaves political movers with fewer places to hide. Good cultural change strategies are based on simultaneous, semi-coordinated introduction of many types of step changes, both big and small.

### Bridging the gap

The bridge between the industrial culture and the knowledge culture is 'responsibility'. This takes on a different form in each culture.

In the industrial culture, responsibility is usually associated with the position.

## Responsibility

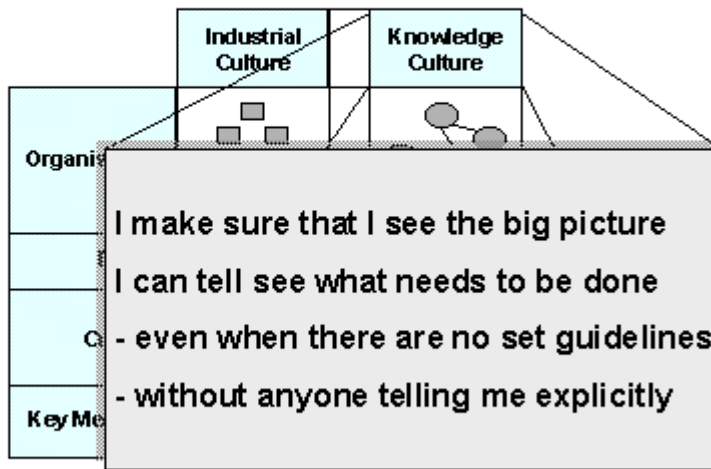
	Industrial Culture	Knowledge Culture
I'm in charge	es	Networks
I look after people		Customer
I make decisions	ility	Responsibility Contribution
If I weren't here, things would grind to a halt	by	Effectiveness

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For an organisation to move to the knowledge culture, there must be a critical mass of people who take personal responsibility.



## Responsibility



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## Stages of shock

Don't introduce change too rapidly. There is a fine balance between introducing changes quickly (to reduce the pain of transition) and causing a severe backlash. Do in any case have plans that anticipate some of the effects below; they are inevitable in practice if many people are involved.

## Creating new links and processes

across all functions and divisions to develop  
an information-sharing culture



There are typical stages that people go through when they are shocked; that is exposed to change which is too quick to cope with. (Any given person's reaction is not necessarily in the exact order shown).

## Denial and isolation

## Anger

Bargaining for the status quo  
and yearning for the past

## Depression and suppression

### Acceptance and new identity

Although it doesn't help anyone who is suffering at the time, it is almost always the case that once someone has made the transition to a new state, they wouldn't want to go back. Change isn't easy, but it's worth it. This ratchet effect is one of the reasons why the progression from the industrial culture to the knowledge culture is inevitable (except where the organisation fails).

When introducing change, aim to create a groundswell. The culture should be attractive enough that people want to be part of it; this is the principal role for a leader. Many leaders are needed for organisational transitions. If people find that they are surrounded by changes which aren't going to go away, they will face a stark choice: to keep up or be left behind? Resistance to change causes more suffering in the long run than adapting. Those who choose not to accept the change will either continue to suffer or quit.

#### **Saboteurs will resist the move to a new culture**

If you are instrumental in introducing change within a resistant organisation, some people are likely to try to discredit you. Part of the defence is to have a sponsor at a high level.

#### **Learning when bewildered.**

"This taught me a lesson, but I'm not sure what it is."

*John McInroe on losing to Tim Mayotte  
in a professional indoor tennis championship*

### **Communicating the value of information provided by staff**

To win people's support takes time and effort, so be prepared for the long haul. Establish networks with like minded people and build a team, and then lead by example. Find success stories to share with others (you'll find them once you set yourself the task of looking).

When working with people to cultivate support for change, they need to know 'what's in it for me?' or get to believe in it, or both. Value is in the eye of the beholder; intangibles are difficult to value. Make the benefits real for people.

Knowledge Management can seem like a threat, as the following conversation shows. To change a culture, it is necessary to consider the use of both 'stick' and 'carrot' methods.

#### **A fictitious conversation between an employee and the organisation.**

##### **Employee:**

I'm an expert. That means I've acquired valuable experience. If I share it, then I'll be devalued because everyone else will know what I know.

##### **Organisation:**

We reward people for applying their experience; that's why you are valued as an expert.

By learning from other people you are becoming more valuable as you acquire more knowledge.

When other people take up the information that you have contributed, they'll make new connections with their own thinking; by the time they use their knowledge it will be changed.

It's not just about knowledge it's also about its application.

##### **Employee:**

I'm afraid of becoming drained of knowledge and then not being appreciated.

##### **Organisation:**

A valid concern. However it's harder to 'drain' someone than it might appear. Witness the non-emergence of expert systems despite all of the hype during the early 1990's.

##### **Employee:**

I'm still not convinced. You'll steal my knowledge and then make me redundant.

### **Organisation:**

Sorry to get tough, but you are heading for redundancy if you do not change your attitude anyway.

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## ***Choose from three techniques to communicate the value of sharing information***

- \* Run a business within a business.
- \* Educate the organisation.
- \* Work against a common enemy.

### **Creating and growing a business within a business**

\* If you are motivated by the suggestion that you are growing a business, then you stand a good chance of making it, provided you gather support around you, keep alert and use your initiative.

\* If the above sounds scary, then you might re-consider your approach.

Apart from demonstrating small wins (which you will want to make sure people get to hear about), the goal is to reach the point where your cause is the logical choice.

### **Educate the organisation**

The most non-threatening method of moving to a knowledge based culture is training. For knowledge management, external training is more effective than internal training.

However, training which doesn't work is worse than no training at all; it will engender cynicism - which must be guarded against.

The measure of a training course is 'does it cause changes in people's behaviour?'. If it doesn't, stop the training and find out why. Training in knowledge management works best when there is a component that is designed to change people's beliefs. This is a specialised area.

Training is a group activity. Coaching is between individuals, and can be much more effective. The choice depends on the circumstances.

### **An excellent example of a training course**

A successful American chain store used to be very innovative in its business development. People who were customer facing used to be told to report for training.

The instructor told them 'The customer is king. You will do whatever it takes to keep customers happy. Does anyone have any questions?'. The message was quite simple, and there were usually some simple questions, during which the instructor basically repeated himself.

Then the attendees were told that the training course was over. They started to leave, a little bewildered at how short the course was.

The instructor called them back and said 'By the way, we expect each of you to use your best judgement in carrying out your job. Thank you for your attention'.

### **The common enemy**

An effective, simple technique to bring in a change of culture: Few things are so simple and guaranteed to encourage teamwork as a common enemy. An enemy is worth more than a bucketful of theoretical mission statements.

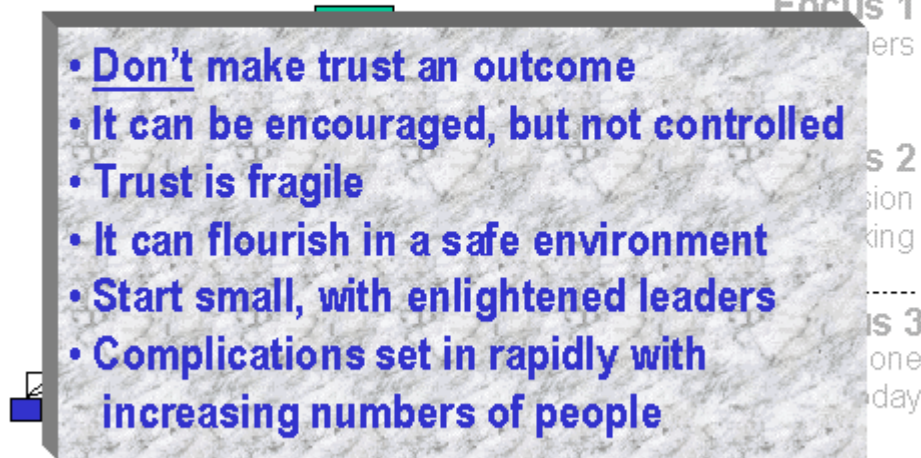
Apparently a visitor to a Suzuki's manufacturing plant in Japan saw a sign on the wall in a prominent position. He asked for a translation and was told it meant 'Screw Yamaha'.

## **Building trust that the sharing of knowledge will benefit your company**

It is not sensible to make 'trust' an outcome and then aim to make it happen.

# Building trust

that the sharing of know-how will benefit everyone in your company



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To develop a knowledge management culture where know-how sharing is appreciated as being in everyone's best interest is a significant challenge. It depends very much on the size of the group; the complications multiply very rapidly with increasing size.

'Trust' can only develop when a number of other conditions have been met. It cannot be controlled, but it can be encouraged. Provided the environment is right, a person's trust in something can take a knock and still recover.

Small effective networks can form around leaders, even if they do not have particularly good management skills. Such leaders tend to form exclusive groups, and that may be satisfactory.

Bigger groups need to be formed in a phased process. These groups are much more risky where the ideal is 'complete trust in sharing'. It is better to have networks of smaller groups if possible, and these need not share completely between each other.

To form a larger group, the broad steps are –

- Only start if the business is in good shape; the following steps are not a cure for a business with problems.
- Set up a small, very high quality community.
- Appoint a moderator (who must operate on a peer level) and define the group's mission and values very carefully.
- If the community develops well, expand it by adding new people in layers.
- Seek to make the community self organising; it is a good sign when it invites outsiders to join.
- At some level, normal measures need to be applied (reward structures etc); at first the community does not require it.

Accept that communities must have a purpose and may have a limited life cycle.

**Below is an example of questionable corporate values. Introducing a knowledge management approach can polarise opinions and emphasis a lack of cohesion within the organisation.**

This is a true story that the author witnessed while working on a KM system within a Business Unit which was part of a large, multinational corporate.

The Information Department had made some very worthwhile changes and the Department Head wanted to communicate with the rest of the workforce. He produced an extremely impressive booklet and sent it out to selected people to advertise the new service. The department went on to be very effective, and was internationally acknowledged within the company.

In due course, a person from public relations came to see the Department Head. They had a heated argument, which they did not manage to resolve. The issue was that the booklet (which was sent to an internal audience) was printed using a shade of green that was not quite in line with corporate standards.

The Business Unit was closed down about a year after this event.

The following guidelines are general steps to creating a knowledge sharing community. It makes a significant difference what type of know-how is to be shared. When people don't care much about the knowledge they are working with, they have no objection to sharing it. The following is based on groups of experts working together who have pride in their work. The process of creating a community cannot be rushed because some self-adjusting mechanisms need to be put in place, to make the community robust. It is certain that there will be events which test the growing community severely, however simple the arrangement might appear.

The general stages which communities go through are –

Excitement when forming – something new

Confusion – about the purpose

Clarification – who is to do what

Growing – trust and respect building up

Arrival – the community is self directing

The number of people involved in the community should be kept low at first. If at all possible, the main condition is that they should all know and like each other. This is a hard requirement to meet; the people need a strong common interest. Keep the quality of the group high and the numbers low and do not be tempted to add new users unless they are exceptional individuals. The group should work together long enough to develop its own sub-culture. This is a set of rules and behaviours which group members implicitly agree to. The group will tend to expel anyone who doesn't conform (within limits); the way in which the person is expelled and the reasons why are very valuable data. As the culture grows, factions can emerge; it is the mark of a strong community if it can accept and value difference.

After the core group of people is strong, another layer of people can be added and the interactions carefully monitored by the mediator. This is assuming that the community is suitable for extension; some communities do not work well enough.

If the community doesn't self-organise satisfactorily, it should be disbanded and a pause introduced. Every effort should be made to find out what happened.

To expect to grow the community in an indefinite manner is unrealistic, and is not in keeping with a knowledge culture anyway. A number of factors (technology, people, processes) begin to require trade-offs to keep the culture developing in size; the trade-offs may outweigh the benefit offered by the community.

### **Cynicism is a big threat to cultural change**

Cynicism is a persistent problem because it is invariably possible for people who choose to be cynical to find evidence to support their world view.

A good antidote to cynicism is to defuse it by using it as a cultural litmus test and learning tool. Cynicism which turns into humour rather than bitterness is a good sign of a culture that is working.

"Hey boss, can I talk to you about a problem?"

"I've told you before, don't think 'problems', think 'opportunities'."

"Boss, I've got an insurmountable opportunity."

To develop trust needs collaboration and excellent communication, which can be systematically worked on. Technology (building a knowledge management system) is a very helpful vehicle to build teams. And there are methods to speed up changes within organisations; these aspects of knowledge management are beyond the scope of this paper.

When groups have not been communicating, there are often problems when they are brought together too rapidly. Communication should include value alignment as well as content sharing.

**Beware when two dissimilar cultures clash...**

The remains of Russia's last royals have been found. The family of Czar Nicholas II was ordered executed by Lenin shortly after the Russian Revolution. The women weren't shot, but were bayoneted to death because they were wearing bullet-proof vests made of diamonds closely stitched together.

*Source: NPR's "All Things Considered"*

**Some beliefs shared by people who 'do' knowledge management**

- Time spent networking is worthwhile.
- There is a boomerang which comes round. You've got to give, in order to get.
- 'Knowledge is power' - a misleading, old fashioned idea.
- There is a need for vision and an overall perspective, as well as detail.
- Changes as accepted as the norm.
- Information overload can be mostly tamed with filtering technology and people networks.

**Knowledge management is not just about knowledge, it's still about people**

Sun Tsu's work 'The Art of War' is often referred to for its timeless wisdom.

Rather than quote directly from the book, here is one of the broader points made by the author. Namely, it wouldn't matter if the enemy did capture the knowledge contained in the book and attempt to use it to their own advantage. Without the wisdom to apply the right judgement depending on circumstances, the knowledge contained in the book would be worthless (worthless meaning they would still lose).

People who have the right attitude and are capable of learning and contributing have nothing to fear from a knowledge culture. Trust me.

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**Closing remarks**

The knowledge management culture is an unstoppable force, as was the industrial revolution.

Knowledge management can be viewed as a rather enigmatic discipline, but only because we are in transition. In a few years, the turbulence will have settled down somewhat - despite the ever increasing rate of change.

The next great transition is due to be the beginning of the era when personal creativity becomes the focus of business. That transition will be a fascinating time, because when a critical mass has been generated it will mark an evolutionary step in human development. The industrial revolution started the process by helping to free many of us from low level work, and those who are now advocating knowledge management are playing a part in bringing the next era forward.

To conclude...

- ***Get passionate***
- ***Get as much support as you can lay your hands on***
- ***And GO FOR IT!***