

Interview with Gilbert Probst

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Q: What is your definition of Knowledge Management?

Knowledge Management is the sum of all initiatives or tools that support the identification, acquisition, development, sharing, preservation, use, measurement and definition of relevant knowledge within the company. It means caring about knowledge that is strategic and valuable for the company.

Q: Which knowledge initiatives you have seen have had best impact on corporate performance? Which business problems could they solve?

Lessons Learned in projects have seen a great impact on corporate performance. Holcim, one of the largest cement producers worldwide has implemented this tool in its companies. After each project, the project team discusses what went well and where were problems during the project. Before the launch of a new project, these lessons learned will be considered to avoid the same mistakes. The roll-out of this tool has paid off rapidly as Holcim has many and costly projects all over the world.

In an era when Internet technology allows digital information to circulate instantly between and within enterprises, one of the key elements of competitiveness is to process the information as efficiently as possible. In this regard, Siemens' endeavor to become a networked knowledge-based-company is significant because it requires the daily sharing of information and knowledge (horizontally and vertically) within the company, which makes it a learning organization. The use of sharenet by thousands of sales people at ICN Siemens is one of the most successful applications ever (see Davenport/Probst 2002). It is one of the rare cases you find where salespeople share knowledge regularly and in an efficient way.



In 1999, Holcim obtained a stake in Siam City Cement in Thailand. Holcim had a clear vision: making a swift and radical change within the Asian company to transform it into a knowledge-based organization and installing clear procedures and system tools which would support the web sales of cement. Sixty people were in charge of the New Eagle Project which was divided into two phases: 1) training Siam City employees to use software tools and SAP; 2) installing these IT tools so that information and knowledge could be shared efficiently within the company. A web-based Customer Support Center would allow Siam City to help several clients simultaneously as well as knowing their needs. The project was a great success. The first online cement order - the first in Asia - was placed on 15 September 2000. The knowledge that had been created and acquired during the project was codified and was consequently ready for re-use. Holcim learned from its first experience in Thailand and is thus able to transfer its acquired knowledge on the multiplication of e-business solutions to other Asian cement markets based on a "copy-paste exactly" philosophy.

Holcim launched web sales in Vietnam on 1 November 2001, and in August 2002 launched them in Sri Lanka, using this "copy-paste exactly" method. In

Indonesia, electronic cement sales are expected to start in 2003 and will be implemented according to the same procedures. The "copy-paste exactly" solution seems to be appropriate. And it may well be a best practice to be multiplied in other parts of the group.

Q: Do you think that companies should have a formulated, written-down knowledge strategy?

In my opinion, there is no need for having a separate formulation of a knowledge strategy. But the knowledge goals should be implemented in the formulation of the general business strategy. You have to consider the questions: "What knowledge is key in doing business?" "What knowledge is really value creating?" "What knowledge do we need in order to implement and execute our business strategy?"

Knowledge is strategic when it creates differentiation and value for a company. And in such a case the multiplication, the sharing and the use of knowledge becomes a means for viability and development. Many companies only realize what is strategic knowledge once they have lost it because people have left the company, they have outsourced tasks and procedures or they have sold parts of the organization.

Q: What are the key elements of a good knowledge strategy?

Simply a clear definition of the knowledge the company needs in order to fulfill the business strategy. It is important to know what really allows us to make money and what kind of knowledge leads to customer value and can not be easily copied.

And it means that we know exactly how to care about this knowledge. As described in my book "Managing Knowledge" the key dimensions include: On the one hand, the goal setting, transferring and measuring elements and, on the other hand, the creation of transparency, the generation and sharing of knowledge, as well as the preservation and use of the knowledge base.

Knowledge goals give direction to management activities. They determine which knowledge represents a strategic relevant resource and which abilities should be developed. These goals can be

of a normative, strategic or operative nature.

Identifying knowledge is about retaining existing knowledge that is available both internally and externally. Often we discover that we do not at all know which knowledge is available. There is no clarity regarding the experts who are available and where they are, nor the skills which are available, or which experiences have already been gained and where. Restructuring, lean management and reengineering have often done nothing to increase transparency and knowledge has been unwittingly lost.

The acquisition of knowledge is frequently used to build future competencies quicker than it would be by means of internal potential and growth. Take-overs and integration of experienced colleagues or whole teams, often in a collaborative effort such as cooperative structures or through the complete integration of an organization or an institute, are all opportunities to acquire knowledge.

Central to knowledge development is the production of new capabilities, new products, better ideas and performance-enhancing processes. Knowledge development involves all kind of efforts in which management deliberately concerns itself with the production or the creation of both internal and external capabilities that do not as yet exist.

The distribution and sharing of experiences is the most important prerequisite for making isolated, available experience useful to the organization as a whole. The main questions are, who should or does know what to which extent? And, for whom can I facilitate the processes of knowledge distribution? Not everyone needs to know everything, but the economic principle of labor division demands a meaningful description and control of the extent of knowledge distribution and sharing.

The use of knowledge, in other words the productive exploitation of organizational knowledge for the institution's benefit, is knowledge management's goal and purpose. The

successful identification and distribution of central knowledge does not mean that the use in everyday business has been guaranteed. In the end the willingness of a colleague to share his knowledge with others must be complemented by the willingness of other colleagues to actually use this knowledge. The use of “unfamiliar” knowledge is restricted by a spectrum of barriers. Many people find using “someone else’s” experience or skills an “unnatural act”, which they will avoid where possible. The preservation of “proven” routines forms a safety mechanism that safeguards the individual from domination and maintains his identity.

Skills, once gained, are not automatically available for future use. The intended **preservation** of experiences requires management efforts. In fact, today many organizations complain that, for instance, in the wake of reorganizations they have lost a part of their memories. This organizational know-how risk in the form of collective amnesia is frequently based on the thoughtless disruption of informal networks that control important, but infrequently studied, processes. Further losses of know-how capital can be traced to significant employees being made redundant or insufficient development activities.

The measurement and evaluation of organizational knowledge is one of most important challenges that knowledge management currently faces. In this regard, a decisive breakthrough has only been possible to a limited extent. Knowledge managers, in contrast to financial managers, cannot rely on a tried and trusted range of indicators and measuring procedures, but have to break new ground. Only if the measurement of the extent of key knowledge management processes could be simplified in future and if this is largely accepted, could the management circle be closed and would one be able to speak about true knowledge management.

Q: Is it good to use the “Knowledge Management” in practice? Isn’t it easier to sell internally important KM-initiatives without using the term?

In fact, there are a lot of initiatives in a company touching the subject ‘knowledge management’ but often other terms are

used. The reason is that there are already (too) many other initiatives implemented in the company or the terminology is a completely different one. It may well be better to call it a human resources approach or project management and therefore avoid a new term that may just be seen as a fad. The aim is to define the right initiatives in order to develop, share and store knowledge which is relevant for the company. The naming of these initiatives as knowledge management projects is of no priority.

Q: Do you think that the Knowledge Management process requires a formal owner within the organisation, ie. a CKO?

That depends on the size of the company. Siemens companies for example, with 400 000 employees worldwide, have CKO positions. This is useful in order to manage the organizational knowledge effectively. In some other companies this may well be the responsibility of a member of the executive board, HR, Business Development, IT or Training. In smaller companies it may not be necessary to have a formal owner at all as it is a management responsibility anyhow.

Q: Which companies do you consider leaders in managing corporate knowledge at the moment?

Shell, BP, Siemens, Holcim, Deutsche Bank and many small and medium sized companies I know like Phonak or Oticon.

Q: Knowledge Management is just getting a hot topic in Poland, a couple of years later than in many other countries. Learning from the early pioneers, which mistakes should Polish companies try to avoid?

Knowledge Management is not IT. There are a lot of tools available but these are only enablers, not knowledge management itself. When you implement Knowledge Management initiatives you always have to consider that you have to motivate and convince the people to use these tools. The implementation and usage of knowledge management tools without respecting the culture will always lead to a failure.

Knowledge management tools also depend on the characteristics of knowledge in play. The more explicit knowledge is the more technology-based the tools. The more tacit the knowledge is the more

human, face-to-face oriented the tools must be.

Q: In our research among top 500 companies in Poland, we found out that the most important reason for knowledge hoarding was the internal competition between employees or organizational departments. How can you overcome that, especially when jobs are cut and companies fight for survival?

You can only overcome these difficulties in convincing employees of the importance of sharing knowledge. And you need to create knowledge sharing culture, based on trust, with recognition and remuneration tools that fit. And it will take many years adapting a culture.

Q: How do you think will future technologies change the way we manage knowledge?

Technologies have always been important in the field of knowledge management and they will be in the future. But they will stay tools that support and enable human kind in sharing knowledge. The basis will always be the culture and individual perception that drives human action.