

KM: An Unnatural Act? (Conclusion)

Maybe so, but knowledge management is energizing employees at several large companies in Asia.

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Hubert Saint-Onge, for one, concedes that sharing knowledge is an unnatural act.

That's a strange admission, considering Saint-Onge is a strategic capabilities practitioner and CEO of Knowledge Management consultancy Konverge and Know. But Saint-Onge insists that that altering work practices and environments or introducing relevant technology can infect even the most blasé employees with the enthusiasm to unload whatever is in their heads. "People can be driven to share knowledge by transforming the way they work," he says. "They need to be able to use the available technology and expertise in the organization ... and work in a way that allows what they are doing to be recorded for future use."

Parkway Group Healthcare (PGH) in Singapore is undergoing an ambitious program to transform the way its employees work, by persuading them to share their enterprise knowledge between its three private hospitals. Users of the Brio Intelligence technology behind this process come from all aspects of the group's operations: finance, marketing, management, nursing, and medical staff. The ultimate aim is to improve health care for the patients while also running the hospitals more efficiently.

Getting staff to buy in to sharing knowledge is proving the biggest challenge, says Troy Strike, health information manager of Casemix, the department within PGH that looks into funding allocation on the back of detailed information about patients and operational costs. The 15 current users of the software include several "knowledge champions," some of them senior level IT-savvy doctors, whose buy-in was crucial for KM to be accepted within the medical community in the hospitals and not just seen as an arcane management tool. The champions' job was to understand the information they received via the application so that they could then use it, and ultimately persuade others to use the same data interpretation tool.

The response has been mixed, says Strike. Management, fully aware of KM theory, understood the reasons and benefits of a strategic KM implementation, and doctors understood the cost benefits of being able to better manage patients and order perhaps more cost-efficient drugs than they had in the past. But it's been a slow road to get to that point.

The first push of the KM program, a data warehouse, was implemented last year, and 18 months on, the second push to get people to extract data for themselves is taking a little longer than Strike would like. "We've had a pretty good response, but at the moment staff are happy just getting information from the champion users, the doctors, or me. They're not so keen on what we have to offer for each of them to use," he says.

The benefits of this KM strategy are, to say the least, intangible. Strike says there is more sharing of ideas between medical and administrative staff in areas where traditionally the twain never met — drug administration, for instance. His department's hours spent attending to varied requests for information have been reduced by as much as 50 percent, and he is spending time on other revenue-generating projects rather than trying to extract information out of an unwieldy system. He remains vague on actual

cost savings derived from the strategy, saying only that they would be an added benefit, if he could identify them.

It's a Shame About ROI

At Jebsen & Co, one of Hong Kong's oldest trading companies, managing director Helmuth Hennig and his management colleagues decided to implement a backbone enterprise resource planning (ERP) and database tool in January 2002. The core Oracle database replaces ten legacy systems, and all the data to be mined and interpreted sits on that database.

Hennig identifies several positive indicators resulting from the company's first steps towards KM. First, Jebsen has become faster and more accurate, a result borne out by a reduction in the number of credit notes being issued to customers. Second, there has been an improvement in accounts receivable. And third, staff morale and the ability of the organization to act cohesively have improved. In addition, accounting procedures for the company's five divisions and 19 businesses within them have been standardized, and managers are now able to find real-time information regarding customers, stocks, and pricing via a company intranet, accessible to all.

"In the past every business was quite distinct. The group dealing with cars was one part of the business, the consumer people dealing with beverages was separate again," says Hennig. "But when we decided to implement the ERP system, staff had to sit in rooms together and think about what colleagues did, ask themselves what they themselves did, could they bring that into one matrix, and if so, what would it look like? Would it work for everyone? All of a sudden the cross-company communication improved," he says.

Like Strike in Singapore, Hennig's biggest problem in Hong Kong was getting staff to buy into the system, and he admits that management underestimated the requirement, not only to explain to staff what was wanted but also what the system would do to them. Would it make them redundant? Would their job scope change? Would they lose the business they were responsible for? Consequently, more time than anticipated was spent in educating and training staff.

As a result, the company's internal training programs underwent a transition, targeting for the first time clerical staff as well as sales executives and managers. Teaching them what they needed to know to be proficient on the system and how they could further their expertise, and instilling knowledge in them, made them valuable — and loyal — to Jebsen.

"It did take convincing that there was a benefit for them personally, but now clerical staff see themselves on a path rather than in a dead-end job that could be done anywhere," says Hennig.

KM may not offer CFOs an obvious path to ROI, but it probably offers an opportunity to transform or change an organization. That means it is better set up to operate in the 21st century's so-called knowledge economy.

Dee Hock, the founder and CEO of Visa USA and Visa International, believes that in five to ten years some organizations will disappear because they are not equipped to deal with the knowledge economy, in which everything is highly networked to technology and where business processes move ever faster. Knowledge management, however, could prove an effective strategy for CFOs bent on transforming and equipping their organizations to be more effective in this environment. Still, shame about the ROI.

Glossary of Knowledge Management Concepts and Terms

Like many business practices in the "knowledge economy," knowledge management has its share of jargon. Here are the major terms and their simple interpretations.

- **Community of practice:** organized groups of people who share common practices, interests or aims, irrespective of job titles and hierarchy.
- **Customer capital:** the value of an organization's relationships with its customers.
- **Data mining:** a software application to analyze data in databases. Analysis can reveal trends and patterns and can be used to improve vital business processes.
- **Drilling down:** being able to access increasingly detailed data, starting from a high level of a data hierarchy and working down through the data to the lowest level.
- **Explicit knowledge:** knowledge expressed in words and numbers and shared in the form of data, scientific formulae, specifications, manuals, etc. The opposite of tacit knowledge.
- **Gatekeeper:** individuals, units, or even objects that act as accepted channels used in the information seeking process. They often contribute to bridging cultures and value systems.
- **Intellectual capital:** the sum of everything the people of an organization know — the human, structural and customer capital — which can be converted into value or captured and leveraged.
- **Knowledge base:** an organized information structure, which aids the storage of intelligence in order to retrieve it to support a knowledge management strategy.
- **Knowledge repositories:** collections of knowledge, the contents of which are characterized by best practice and have been organized in some way to aid their visualization, manipulation and navigation.
- **Knowledge worker:** a participant in an economy where information and its manipulation are the commodity and the activity.
- **Structural capital:** assets not directly related to the presence of employees, including databases, customer lists, manuals, trademarks and organizational structures.

Tacit knowledge: knowledge that is highly personal, not easily visible or expressible, and usually requires joint, shared activities in order to transmit it. It is the opposite of explicit knowledge.

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