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The knowledge: Karl-Erik Sveiby

*Frequently described as one of the founding fathers of KM, Karl-Erik Sveiby's involvement in the field stretches back almost 20 years. **Simon Lelic** talks to him about his personal reflections on how the discipline has evolved, and what the future has in store.*

Karl-Erik Sveiby has an extraordinary passion for knowledge management. Having worked in the field for almost 20 years, his enthusiasm for the discipline and belief in its immutable value to the modern organisation remain undiminished.

"The conceptual framework of knowledge management is unusual in its ambiguity, extraordinary in its depth, unfathomable in its rapid expansion and – best of all – has no single trademark or copyright owner," he says. "From a handful of seeds planted by a few of us a decade and a half ago, the framework and the practices are now growing exponentially through the efforts of hundreds of thousands of practitioners and thinkers world-wide who practice what they teach."

As Sveiby says, the sharing of knowledge about KM has reached a level of participation now that is unprecedented in history. He describes the discipline as the Linux of management concepts; a "movement" of people around the globe who are connected and contactable via the net. The situation today, however, is far removed from when Sveiby first began his work in the area, exploring the concepts that have since developed into the fundamental principles that lie at the heart of the contemporary interpretation of knowledge management.

Sveiby's personal involvement in what was to become known as KM began in Sweden. As the owner of one of the country's largest publishing companies, he had a vested interest in any practical methodology or management theory that would improve organisational processes. It was during the 1980s that Sveiby first began to consider the importance of intangible assets. After testing the accounting procedures that he had pioneered in his own company, he went on to publish his findings in a book, *The Invisible Balance Sheet*[1], which eventually led to his approach being adopted by firms across the country and ultimately being recommended as an industry standard by the Swedish Council of Service Industries, the first such standard in its field.

In 1993, Sveiby switched paths, selling his company and embarking on a career advising other organisations on the strategic considerations facing knowledge-based enterprises. He has since founded Sveiby Knowledge Associates, a global community of peers focused on the development of tools that help to create commercial value from knowledge-based assets, and written *The New Organisational Wealth*[2], which outlines the direct correlation between adopting a knowledge-based strategy and improved organisational profitability.

Now based in Australia, Sveiby holds, among other positions, the title of honorary professor at Macquarie Graduate School of Business in Sydney and at Griffith University in Brisbane.

"When I started exploring the field in the mid-80s, I felt quite lonely," he says. "The most satisfying development is that this has changed dramatically." And as Sveiby says, the discipline itself has evolved since then as well. He sees knowledge management as having passed through several phases, the first of which was characterised by a degree of experimentation. "From around 1985 to 1990, a few of us, not knowing each other's work, were writing and thinking in isolation," he says. "We were taking our inspiration from the business realm, from philosophers such as Wittgenstein and Polanyi, and we were exploring the value created by leveraging the competence and skills of people, innovation and knowledge creation. 'Knowledge management' and 'intellectual capital' were not invented as concepts."

The second phase, from 1991-1997, was driven by the IT revolution and the explosion of the internet, which Sveiby believes was responsible for forcing the pace of organisational change. "The IT solutions and management processes during this time were about re-using knowledge and not to avoid re-inventing the wheel," he says. "The misconception that knowledge could be 'managed' enthused managers and consultants around the world, and the terms 'knowledge management' and 'intellectual capital' became the highlights of conferences in both Europe and the US." In Sveiby's opinion, it was during this period that the KM was "hijacked" by IT vendors and IC misconstrued as a way of measuring intangibles and publishing information in annual reports.

Recently, though, the emphasis seems to have shifted once more. "Fortunately, KM issues are becoming human again," Sveiby says. "People are beginning to realise that human beings, and not IT systems, are at the core of value creation. More and more people have come to realise that efficiency through IT is not enough. The real value for corporations and society will be generated only by creating environments that enable all people to create and share knowledge."

Which is not to say that there is any room for complacency. Sveiby maintains that KM and IC management, as they are practised and implemented in the majority of corporations today, are still very much in their infancy. "So far it has mainly been a combination of IT investments and a bit of persuasive social engineering," he says. "Even if companies cite huge returns on such investments, they are only scratching the surface. The benefits are small compared to the enormous leverage of intangible assets that a holistic, knowledge-focused approach can give."

The challenge, as Sveiby sees it, is for KM practitioners to help their corporations to move away from technology solutions and to understand knowledge management as a whole new approach to doing business. "The most exciting knowledge companies today are the European companies born in the last decade of the 20th century, whose founders have a whole new approach to business, customer service, people and community," he says. "Their young founders are implementing knowledge-focused strategies intuitively and they are forcing the age-old industrial monoliths with their machine-like structures to re-invent themselves or die."

As such, the mission Sveiby has set himself remains unchanged. "It is still to help people to create better organisations for people, and thereby for the world," he says. "This can only be done through building strategy, production and systems on the only renewable resource available in organisations: knowledge." To this end, Sveiby's future work will focus on the

issue most KM practitioners regard as their biggest hurdle: the corporate culture of competition, hoarding and power. He is currently developing a tool to measure the human infrastructure for transferring knowledge, the potential for which is huge.

More immediately, Sveiby will be giving one of six keynote presentations at KM Europe 2002, which takes place in London this November. "Events like KM Europe are crucial," Sveiby says. "They foster the sharing of knowledge; they highlight the frontier of the discipline; and they allow practitioners to meet and support each other." Sveiby will be drawing on the results of his most recent research, so expect an inspiring display and, naturally, plenty of passion.

References

1. Sveiby, K-E., *The Invisible Balance Sheet* (1989. Visit www.sveiby.com)
2. Sveiby, K-E., *The New Organisational Wealth* (Berrett-Koehler Publishers, 1997)

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