

Unlocking the knowledge potential of your organisation, by Jean Balcombe Head of the Information Service The Industrial Society

'I've been drunk for about a week now and I thought it might sober me up to sit in a library'

If this line from *The Great Gatsby* is anything to go by, F Scott Fitzgerald had an optimistic view of the power of knowledge but he could also have been ahead of his time.

Traditionally, the three principal resources of organisations and businesses have been: people, finance and physical assets. However, today increasingly information & knowledge are being talked about as the fourth resource. In my view information and knowledge are, and should be recognised as, the fundamental resource of any organisation. They underpin and add value to the other resources.

Information for competitive advantage

As an FT article recently said: *'Our concept of management is going out of date. Information is the new resource . . . All companies are information companies and all managers (are) information managers.'* If we, as information professionals, do not recognise this concept, then we and UK plc are losing out.

Knowledge, and the way it is acquired and used in what is now called 'the learning organisation', is coming to be seen as the sole sustainable source of competitive advantage. Companies that make the best use of their knowledge, whether in how to manipulate certain plastics or the ability to address by name all women likely to buy baby food, -- these companies enjoy a significant competitive advantage over their rivals.

A growing number of world-class companies have recognised this fact. And they are developing ways of identifying and converting individual knowledge into a resource, specifically to support innovation. Their emphasis is increasingly on sharing knowledge -- in order to unlock the potential of their employees and improve product development, customer satisfaction and operating efficiency.

In today's information age, businesses and organisations need to manage, develop and exploit information for competitive advantage. If information & knowledge are trapped in IT systems, in filing cabinets and in employees' heads, then a valuable resource remains untapped. And the organisation is the loser.

Technology focus to information focus

In the 1980s organisations were more interested in implementing IT systems than in the way in which they identified, shared and used information. Technologists were busy building DP departments without first addressing how the business fundamentally worked. It was all about buying more & more megabytes, and trying to automate everything, regardless of its relevance to the business.

In the race to automate, the people with the real skills in managing & providing information - ourselves, the information service or library staff - were often ignored. It is also true to say that we often didn't help ourselves - in many cases we felt daunted by technology; in other cases we concentrated on automating the library without thinking about the business need to link it to other organisational systems that existed or were being developed. IT has failed to meet expectations to a great extent because our professional information know-how was not called upon to help prepare the initial specifications. The T ruled the I !

Firms now need to change this technology focus to an information focus. If the business strategy of our organisations were to be defined in terms of what kinds of information we use and how, then the technology becomes nothing more than a means to achieve the business strategy. Our organisation is then led by the business need and the availability and usefulness of information. That will then determine the IT strategy.

Information Resources Management

I am a founder member of a network which was established to explore the concept of Information Resources Management (or IRM in short). It has been running for three years under the sponsorship of ASLIB. The Network promotes the concept of treating information as a resource to be used to meet the strategic requirements of any organisation. One of the Network's members, **Nick Willard**, has proposed a model which can be a practical starting point for creating an information strategy linked to the business need.

- First, organisations should identify the information resources they already have. i.e. conduct an information audit.
- Work out who owns that information and who is responsible for it.
- Assess the cost and value of information resources. (the most difficult part).
- Plan how your information resources can be improved and developed
- Finally, look at how to exploit your information resources for commercial benefit.

Today's convergence of information and telecommunications has led to more flexible working practices plus access to an overwhelming amount of new information resources available online and on the Internet. As a result there are now two crucial inter-related issues:

- How to exploit the knowledge within the organisation; and
- How to use the opportunities provided by the new communications IT.

The concept of Knowledge Management embraces these developments within a wider framework. For instance, manufacturers today don't succeed just because they can make high-quality products. They succeed because they have the knowledge that tells them what products their customers want to buy - both now and in the future. Supermarkets are well-known examples - they use their till rolls and discount card schemes to obtain vital customer information. For instance, if most customers who buy baked beans also buy white bread, then they can promote a joint offer in that area. They also sell their till rolls to food manufacturers and Tesco has just announced that

it is now building on its knowledge of its customer base by offering financial services to its cardholders.

Unlocking the knowledge bank

How does an organisation begin to unlock its knowledge bank?

1. Recognise that there are two unique qualities of information & knowledge:

- They are dynamic. Therefore organisations need to create systems that allow for this dynamism to be captured.
- Unlike money and physical assets, they are not limited nor are they diminished by use.

2. Ask whether all its people have the information that enables them not only to do their job but also to grow.

This fundamental question should be asked throughout the organisation, from the board members including non-executive directors, downwards.

This issue was addressed by the **Hawley Committee** in its Board Agenda, a set of 10 guidelines called '*Information as an Asset*'. These call for boards to satisfy themselves that::

- the information they use is necessary and sufficient,
- they are aware of and properly advised on the information aspects of subjects on the agenda,
- their use of information complies with the law and ethics.

In the **Rover Group** the knowledge potential of every employee is recognised. Each employee right down to the shop floor level is told that they have 3 jobs: to do their job, to improve their job, and to share that improvement with others.

3. We as information professionals have a role to play in helping organisations recognise that opening up access to information and knowledge about the organisation actually unlocks the minds of their employees.

Various internal communication opportunities, such as team briefing, employee reports and newsletters, Email, the Intranet, Groupware, project teams and focus groups, which can include customers and suppliers, can be used to encourage creativity and innovation. Bright ideas can be sought at appraisals, team meetings and special meetings, and through suggestion schemes and consultative committee meetings. A vital thing is to recognise the ideas not necessarily in terms of monetary awards, but also through personal appreciation and publicity. Nothing succeeds like success and suggesters derive the greatest satisfaction and encouragement to contribute more ideas by seeing their idea actually implemented and working well.

Leading-edge companies are using innovative methods to create innovation. **Cellnet**, updated their suggestion scheme in 1995 into a general 'Make the Difference' scheme, to devolve responsibility for evaluating and implementing ideas to in line

managers and individuals throughout the business. Creativity and innovation are emphasised in the company values :

'innovation often requires the taking of risks. In Cellnet, people will feel able to take considered risks without fear of failure or thoughtless criticism'.

This premise has been distilled into the concise Cellnet phrase 'Innovation is key'. This culture is re-inforced by the Paradigm Challenge - a competition for all staff to encourage innovation in teams, using brainstorming and other creative techniques. In addition, employees are asked in the annual employee survey if they agree that 'initiative and creativity are encouraged and rewarded'.

South Manchester University Hospitals, a very different type of organisation from Cellnet, has also introduced an innovative award scheme which carries awards of up to £10,000. Ideas are judged on originality, impact on patient care, cost effectiveness, effect on staff (e.g., morale, motivation, productivity) and overall value to the Trust.

4. Social Interaction.

The Wellcome Cancer Research Campaign Institute in Cambridge believes stimulating social interaction between staff is one of the best ways of helping the flow of ideas. They have deliberately designed a new lab building so that the stores of glassware and chemicals are kept in a communal storeroom in the centre of the labs. That way people are bound to meet when they stock up. Even journals are held in people's rooms so other staff have to ask to borrow them. As the Institute's chairman says: 'We believe time is saved by talking to people before doing something.'

Most innovators agree that ideas do not come from individuals told to sit down and create, but are generated by groups of people and discussions. Open plan offices and coffee corners all help innovation because they make communication easier. The prerequisite for encouraging innovation is that the company actively welcomes ideas, listens to them and acts on them.

5. Learning and development opportunities

Rover Group understands that any learning, even when not obviously related to the business need, encourages the sort of open-minded lateral thinking that sparks off solutions and new product development. The Rover Learning Business gives £100 per year to every employee to spend on whatever learning they wish. Is it a coincidence that in the last ten years there has been a four-fold increase in new patent filings?

Kent County Council is now able to exploit its knowledge in training and development practice by marketing its services. They sell their in-house approach to management NVQs under the trade name Compass. They have also recognised the knowledge potential lying in their own personnel policies and procedures and they sell them to other authorities.

Leading-edge organisations are also using personal development plans to help employees take charge of their own learning and to instil the concept of life-long learning. Firms today cannot guarantee a job for life but can assure employees that

they will improve their future employability by continuously learning new skills and know-how.

Information delivery to the front line

Knowledge management also raises the question of how to create a smart design, a structure which encourages innovation. A leading guru in this area is **Mike McMaster**.

"As we design our organisations to meet the needs of the future, . . . information will be the instrument with which we focus our considerations for structure and its design."

Information and knowledge flow demand low levels of hierarchical control. De-layering and empowerment in turn require information delivery to the front line.

The extraordinarily successful new financial services companies - e.g., **Direct Line Insurance** and **First Direct Bank** - have succeeded not just because they use enabling technologies: they have become market leaders because they have thought through how to deliver information to front-line knowledge workers, who need it in order to respond effectively to customers. The whole concept of the one-stop shop relies on the front line having the information on their PCs which enables them to answer any customer enquiry.

The pre-requisite to brilliant customer service is the efficient management of corporate information, delivered to an increasingly mobile workforce.

However, restructuring alone is not enough to release the entrepreneurial juices. It needs to be accompanied by a whole raft of interlocking changes, including retraining and rethinking the mechanisms for reward and compensation.

- Do the job descriptions and performance appraisals in your organisations focus on knowledge sharing?
- Do your reward systems encourage and actually reward knowledge sharing or are they geared to individual success which may be achieved at the expense of the organisation?

Hardest to effect are the soft changes, those relating to the cultural norms that govern attitudes and behaviour. Trust is essential and yet it takes time to flourish. It is not enough to tell people they are empowered in order to reap the benefits. You have to stand the test of time and allow failures to occur.

Thus knowledge management means looking much further than new developments in IT. As information professionals, we can help steer our organisations to recognise the value of information and knowledge. And we should be playing a strategic role within our organisations encouraging them to adopt the systems, processes and culture necessary to unlock the knowledge potential and encourage innovation.

Tel. 0207 262 2401 Fax. 0207 724 3354

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