FASHION, MAGIC AND KNOWLEDGE MANAGEMENT

PART ONE

Let's be completely honest about this. Knowledge management is a fad. And like most things faddish and fashionable, it's going to make you look good, it's going to make you feel good, and it's going to cost you a lot of money. The only thing is, in a couple of year's time you are going to throw it aside and run after something else.

Fashion in Management

There are lots of theories about why managers follow fads and fashions. Peter Drucker, in an interview with *Fortune Magazine* in 1998, said that he thought it was because managers, like bored teenagers in high school, have very little interest in what they do, and need something to capture their imagination, away from the repetitive routine of their humdrum existence.

There is a related, more provocative theory, which says this: managers are a lost, aimless bunch of people, secretly searching for a sense of meaning and direction in their tedious lives. They are therefore prone to messianic crazes, running after prophets and gurus at very little provocation.

There is clearly an element of truth in this. We can try to persuade ourselves that the principles of a good business presentation have evolved out of the techniques of scientific demonstration developed in the 19th century, together with theories on effective briefing methods that came out of Military Intelligence during the last World War, and combined with psychological theories about how people learn. But if you go to any top-billed executive seminar today you are more likely to find something somewhere between a religious revival meeting and pure showbusiness. And even in the "serious" UK, Cranfield Management School's executive development programmes now use the plays of Shakespeare to teach management principles. (I would advise against attending the *Hamlet* or *Macbeth* programmes).

And somewhere between religion and magic, is exactly where the management fashion sits. Tom Peters has more in common with Billy Graham and David Copperfield than many of us might care to admit.

Magic and Management

Think about the magic analogy. TQM is very much like putting an out-of-shape middle-aged man into a box, and opening it again to reveal a beautiful glamourous girl. Downsizing cuts the girl into quarters and claims she is not at all hurt, and the mega-merger is suspiciously like the old rope trick where two pieces get joined into one and there is no sign of a seam.

The problem is, in magic, nothing is what it seems: the middle-aged man is still there somewhere; if you really chop up a company it *will* hurt; and as for mega-mergers, Microsoft support staff love to tell the tale of one newly merged corporation that had to shift its entire email system onto Hotmail because they hadn't thought through the communications systems in advance.

Religion and Management

What about religion? Managers, much to the dismay of their accountants, must have mystery. They must have their gurus and prophets. They must have their seers and fortunetellers, who will read the signs and tell them what is going to happen. They must have their myths: companies that rise from the dead, charismatic leaders taking their people into a promised land, communities of faith, evangelists, clashes of the Titans, and rival gods. Charles Handy recognised this tangentially in his 1978 book, *The Gods of Management*. It is no mistake that the most popular management best sellers are either incomprehensible declamations or glib truisms about well-being and wholeness – an uncanny reflection of popular religious writing. Even at a more serious level, many of the common management themes of empowerment, liberation, existential uncertainty, were all themes appearing in the theological literature of the 1970s and 1980s in Europe and North America.

Business Suffers

This is all very bad for business. Fashion is bad because fashion is for show, and not for true well-being. You buy a fashion object because other people have it, not because it is going to do you any good. Business, however, is often about surviving and thriving in a competitive environment. Show is an element of this, but the peacock is going to be the first to get eaten if there is a lion around. And as Drucker pointed out in his *Fortune* interview, fashion

is also bad for business because people throw it aside so quickly for the next thrill. *Most significant management initiatives in big corporations take years to follow through and bring to fruition.*

Magic is bad for business because magic is only about illusion, and business is only partly about illusion (the marketing bits) – there are lots of points in business where you need to have reality to back up the show. Even David Copperfield will not risk his life in a stunt without first working out the difference between the reality and the illusion in the trick he plans. His task is to conceal the reality, not to ignore it.

Religion is bad for business because religion is about the truly mysterious, and business is about the truly mundane. There are people who disagree with this: Charles Handy in his recent work (*The Hungry Spirit*, 1998) is clearly seeking a spiritual dimension to the science of management, to combat the selfish barrenness he finds there. W. Edwards Deming, in his philosophical "System of Profound Knowledge" is essentially presenting a secular religious perspective on management and business (*The New Economics*, 1995; *Out of the Crisis*, 1986). The Maharishi University of Management in the United States seeks to apply the principles of Transcendental Meditation (including Yogic Flying) to the principles of management education in order to align business and management with the harmonies of "the unified field of Natural Law" (visit their website at http://www.mum.edu/).

However praiseworthy such motives might be, they are nevertheless focussed on quality of human life rather more than on the balance sheet. And the balance sheet must balance, with surplus to pay for the future. The manager who operates on faith, mystery and miracle in everything is trivialising religion and is deeply out of touch with the real world. Religion is not business, and business should never be treated like religion. You can't make profits through prayer alone – you need a bit of business sense, a good business model, and a lot of hard work.

PART TWO

In the first part of this article, I argued that taking management fads seriously was bad for business. What has all this got to do with knowledge management? Let's look at the fashion angle first.

Symptoms of Fashion

How do you know when something is becoming fashionable?

- New magazines spring up (*KM World* - http://www.kmonline.com/ ; *Knowledge Inc* - http://www.knowledgeinc.com/ ; *Journal of Knowledge Management* - http://www.mcb.co.uk/jkm.htm ; *Knowledge Management Magazine* - http://www.kmmag.com/ ; *Knowledge and Process Management* - http://www.mgmt.utoronto.ca/~wensle/kpm.htm ; *Knowledge Management Review* - http://www.km-review.com/)
- New websites appear devoted to it (http://www.knowledge-nurture.com/ ; http://www.brint.com/km/ ; http://www.sveiby.com.au/ ; http://knowledgecreators.com/km/ ; http://www.knowledgeatwork.com/ ; http://www.bus.utexas.edu/kman/)
- Institutes and Societies appear out of nowhere (http://www.kikm.org/ ; http://www.km.org/ ; http://www.fend.es/ ; http://www.ksi.edu/ ; http://www.theseus.fr/resproj.html#KM ; http://kmu.unil.ch/ ; http://www.cfoknowledge.com/about.htm ; http://www.iikm.com/ ; http://www.krii.com/)
- New job titles get invented (Chief Knowledge Officer, Knowledge Manager, Strategic Intelligence Director – remember the learning organisation craze, when corporations started appointing Chief Learning Officers?)
- Old job titles get changed (IT/IS Managers, Information Officers, Research Analysts, HR Managers and even Webpage Designers find themselves with new titles but little defined change in job scope)
- Consultants appear miraculously fully formed to sell services in knowledge consultancy (how *do* experts appear so quickly, and wasn't that the guy who tried to sell us a TQM service last year? http://www.ktic.com/; http://www.kmsi.com.au/ ; http://www.knowinc.com/ ; http://www.kpiusa.com/ ; http://syntrek.com/)
- You get invited to conferences in exotic locations (The Hague, June 1999 http://www.infonortics.com/agsi/agpro99.html ; Dallas, September 1999 http://www.kmexpo.com/ ; Singapore, October 1999 - http://www.iqpc.com/asia/index.html ; Chicago and Phoenix, November-December 1999 - http://www.flc.de/Messen/body_km.html ; Florida, December

1999
http://www.icdevents.com/Events/Enterprise_Intelligence/enterprise_intelligence.html)

- Training courses and certification appear (check out the Certified Knowledge Environment Engineer course at KMCI in Santa Fe http://km.org/KMCInstitute.htm, or the Certificate of Intangible Management from the International Institute of Knowledge Management http://www.iikm.com/course/index.htm)
- Software companies names themselves after the fad (http://www.domainknowledgeinc.com/ ; http://www.kbsi.com/ ; http://www.mkgroup.com/ ; http://www.kwbsolutions.com/ ; http://www.knowledgesoft.com/)
- Companies spend irrationally large sums of money on consultants, IT systems and software without really understanding why
- Companies buy other companies without really understanding why
- Companies reorganise without really understanding why
- Mission statements become even more incomprehensible than usual (Sample this: "To provide the intangible assets community with the means to accelerate the value adding capabilities of their assets for community interaction, co-creation, legal security, access, distribution, deployment and developmental improvements." Or how about this? "To apply knowledge management technologies to intelligize customer interactions, transforming low-cost service channels into high-quality customer experiences.")

If any of this rings true, then you will know that the fad has hit your company already. If a working group has been set up, the end is near.

Magic and Religion

Where is the magic in all of this? Magic is strangely reversed in knowledge management. Magicians, generally, like to display their skill by making visible things disappear. One of the central debates in knowledge management, on the other hand, is over how to make the invisible *appear*. The debate over knowledge as intangible assets, the quantification and measurement of human capital, and the transfer of tacit knowledge into explicit knowledge within an organisation are classic parallels to the ancient quest of the alchemists: how to turn base metal into gold.

Religion too finds strange parallels: and so it should. Religion is also about turning knowledge into lasting value, although knowledge of a deeper and less self-interested kind. Indeed, that deeper application of knowledge is called wisdom, and the spirituality of many religions sets forth disciplines and techniques for acquiring wisdom (somewhere, we know, there must be a business guru writing a book about the "wise organisation"). Few stop to think that the knowledge which religion seeks is far removed from the world of business success – in fact, the disciplines that lead to wisdom often require humility, failure and holy foolishness, qualities that managers rarely aspire to. Even where failure is praised in business, this failure is defined as a stepping stone to future success.

This does not prevent the superficial management thinker from lifting convenient concepts from the sphere of religion and applying them, rootless, to the earthy world of business. The enthusiasts speak, therefore, of Chief Knowledge Officers and Knowledge Managers as "knowledge evangelists" sent to spread the good news about the transforming role of knowledge in the workplace. The term was initiated by Guy Kawasaki, who became converted to "evangelism" as a concept in his time at Apple Computers (there is a chapter on "evangelism" in his recent book *Rules for Revolutionaries*) but the concept is glib, and without substance in its new context.

PART THREE

The Emperor Has No Clothes

In the last part of this article I suggested that to call for "knowledge evangelists"was inappropriate. Inappropriateness aside, we have a more serious problem. The bandwagon effect imposed by the management fad results in an enormous self-deception. Although we mostly speak as though we are *on the brink* of enormous changes in commercial, business, working and living conditions, the truth is that we are already well into these changes, and have been for several decades of continuous change. Peter Drucker identified the "knowledge economy" as a phenomenon in 1968 (*The Age of Discontinuity*). By pretending that we have discovered a new Holy Grail in knowledge management, we deceive ourselves that we are dealing successfully with some pretty traumatic changes in our environment, with more to come – and we defer the more pressing challenges of strategy that face us.

"Let us not fool ourselves. We have been proficient at the management of knowledge ever since we discovered how to systematise transfer of knowledge through communication, oral tradition, training, teaching and education."

The biggest myth that the fashion machine spins is that all this is *new and somehow different.* Only a couple of management writers have noticed that this is not at all true. Think about knowledge management *products.* A *book* is a product of knowledge management – someone has gone away, done research, processed information and reflections from different sources and perspectives, and produced new value. A *library or information centre* is a product of knowledge management. A coherent acquisitions and organisation policy based on defined strategic goals produces a rapidly accessible reservoir of knowledge to serve its clients. A *database* is a product of knowledge management. The database design, structure, content,relationships and continuing input/output management require a consistent, clearly thought out management policy based upon organisational goals. A *staff directory* is a product of knowledge management, and it does not need knowledge management consultants to tell reasonably intelligent managers that staff directories arranged by expertise are likely to be useful tools.

Think about *processes* in everyday use within business. An *induction programme* is a knowledge management programme, transferring explicit knowledge to new recruits, and providing the mechanism for transfer of tacit knowledge by establishing communication channels to key personnel. A *meeting* and its accompanying documentation is a knowledge management process, and involves the two-way exchange of tacit and explicit knowledge.

Think about *infrastructure*. A *telephone system* is a knowledge exchange system, and so is an *intranet* for email exchange. The first internal networks for email within companies were developed in the 1980s before we discovered knowledge management, and telephone networks simply replaced the sophisticated networks of business communication established by the telegraph in the 19th century.

Let us not fool ourselves. We have been proficient at the management of knowledge ever since we discovered how to systematise transfer of knowledge through communication, oral tradition, training, teaching and education. We ought to have realised this simple fact when it proved so easy to rename our Information Officers and Network Managers as Knowledge Managers. Like the watching crowds in Hans Christian Anderson's fairy tale, we hesitate, when the gurus get excited, to point out that the Emperor is, in fact, *not* wearing any clothes.

Let us not get distracted by the talk of *how* to manage knowledge. The challenge of knowledge management is to focus not upon the knowledge, but back upon our strategic goals. *To re-emphasise: knowledge and its management is only useful to the extent that it creates value for the enterprise*. If you cannot make a case for that, ignore it.

There are no special experts that we need to call upon to tell us how to manage knowledge, we can do that very well ourselves. What we do need are tools that help us to sharpen our perspective on the *kinds* of knowledge that will further our goals, *where* to apply knowledge processes and infrastructure, and when to *ignore* knowledge as a significant factor. Knowledge is not a significant factor, for example, on a highly mechanised production line (except in its design), and there are still plenty of those around. On 22-23 April 1999, the BBC Worldservice broadcast two eyewitness accounts of factory life from the point of view of the worker: one from Henry T. Ford's Detroit production line in 1927, and the other from an Indonesian factory of the 1990s. They are more similar than most proponents of the knowledge economy would like to acknowledge; indeed, such conditions still underpin the knowledge wealth and opportunity of the

global conglomerates. (To hear the accounts, visit
http://www.bbc.co.uk/worldservice/mycentury/wk17.shtml)

The starting point, then, is with ourselves and our strategic goals. If our strategic goals relate to customer-driven innovation, then we drive our strategy from a consumer research angle, and perhaps invest in data warehousing systems. If they relate to rapid dissemination of ideas within an organisation then we look either to IT/IS solutions that capture and make accessible knowledge in pre-digested formats, or we focus on internal culture and communication systems. If our strategic goals relate to just-in-time and just-enough deployment of resources and products, then again, IT/IS systems can be designed to perform that function, as they have done with spectacular success for Walmart in the United States, and as Marks and Spencer are just discovering in the UK.

There are counter-examples, of course, so we should not be too simplistic. It is quite true that the knowledge-based economy *challenges* the separation of labour into mechanical parts and the automation of human labour that is intrinsic to the industrial model. Even mass manufacturing sees the changes, with more and more machine-human communication and decision-making requirements being built into advanced automated equipment, This is especially true where issues of quality are critical, such as in clean room information technology and healthcare equipment manufacturing.

The problem with the knowledge evangelists, however, is that the bandwagon approach prevents normal people from seeing things in perspective. There is no point in changing your company culture to one where open communication, team meetings and free access to the internet is the norm, if your business processes and strategy require people on low salaries to sit at a bench all day inputting data or packing electronic components. You are asking for trouble, and your productivity will go through the floor.

Here is an example. Some years ago, I recall taking over an English language skills training programme for a large manufacturing company. After about three months, in one of the periodic reviews, we decided that the workers' progress was a little slow. We recommended that the line supervisors should encourage the workers to use English on the production line, instead of their mother tongue. "Oh," came the response, "we don't allow them to talk at all on the line."

Clearly, this company's "knowledge project" (training) was badly matched to the core business processes and strategies at that time. Now perhaps those processes themselves needed challenging, but that was a far bigger question than the "knowledge project" could address. It is not even a knowledge question, it's a strategy question, a strategy question that involves a knowledge perspective from a very different direction. The problem with the knowledge bandwagon is that the focus on *knowledge first* satisfies the superficial manager that the problem has been addressed. Meanwhile, the much stiffer challenge of re-orienting strategy and core business processes is deferred until the next crisis, and the Emperor continues to parade the streets naked.

This is all a great pity, because knowledge management has enormous potential for good. It is the first systematic recognition of the value of "human capital", and the first management philosophy to thrive on the convergence of technological infrastructure with human skills such as research, communication and cultures of trust.

Fashion in management does a lot of damage to management. In a 1995 article in the magazine *Fast Company*, Thomas Davenport, one of the early pioneers of reengineering, set out some of the lessons to be learned from the failure of a good idea that turned into a nightmare. The hype of the management fad meant that managers in charge of high cost, high risk reengineering projects, had to show financial results quickly. The easiest way to do that quickly was to reduce headcount. What ought to have focussed on business processes, turned into a bloodbath, both at the personal level, as well as at a corporate level. Davenport believes that companies are still throwing money at tangible technology, and forgetting the human dimension. More seriously, the bigger the hype, he says, the more likely failure will be.

Companies seriously thinking about knowledge management initiatives do not need to drop all their ongoing practices and projects in favour of the newcomer. Knowledge management will work only if sensible links are made to ongoing strategic concerns, and real impact on bottom line results is planned. This is unlikely to be a short term result, so companies will need strong nerves and determination. But in the end, if there are no financial performance gains, your company has turned everything topsy-turvy for a fad. Most employees of large enterprises have had quite enough of the Dilbert-like cynicism spawned by irresponsible bandwagon behaviour from senior managers.

We have one small shred of comfort. Knowledge management will not remain fashionable for long. It lacks the potential for thrill, inspiration and a catch for the imagination that so many managerial fashions require. We can only hope that it has time to mature, develop and embed itself as a valuable *perspective* on the science of management, and properly inform how we approach the conduct of business in the new century. Our fear, of course, is that there will be another naked Emperor waiting in the wings to distract us.

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