A Decision to Change

Theodore E. Zorn, Jr.

Bill Inglis* closed his office door and slumped into his office chair. He knew he wouldn't have long to relax before he heard from at least one member of the Knowledge Link Task Force. The task force, of which he was chair, had just adjourned its seventh meeting. They had worked hard over the past five months—from June to October—in their attempt to create a plan for establishing knowledge management (KM) systems for the company. This was a particularly frustrating meeting, since the task force had just been told at the meeting by Tom Kirk, director of engineering, that their project would have to be scaled down dramatically.

The task force members had taken the news quietly, but some—particularly Don Lucas, the project champion and the key driver of the project from its earliest stages—had expressed their anger and frustration as soon as Tom left the meeting. Bill had suggested the task force adjourn the meeting, think about next steps, and reconvene later. Now he and the task force were faced with the difficult decision of what to do. Should they define some more limited objectives and do their best to make these successful, knowing it was a far cry from what they thought was needed? Or should they tell top management what many of them were thinking, that if they were serious about becoming a company that managed (rather than squandered) its intellectual capital, top management needed to quit being an obstacle and start being a role model.

Bill had been with Black Cap Engineering and Construction for 10 years now. A civil engineer by training, he had substantial experience as a project manager. Thus, after the Knowledge Link project had been initiated by Don Lucas and approved by upper management, he was asked to serve as project manager. He didn't know much about knowl-

edge management systems when the project started, but his reputation as a results-oriented project manager led to his appointment on such projects regularly. Black Cap Engineering was primarily in the business of building roads and bridges. The name of the company was a play on words, referring to the company's core business of building *black capped* or asphalt roads, as well as to the New Zealand national cricket team (the Black Caps). The company started as a branch of the New Zealand government, but in the wave of privatising that occurred in the late 1980s, the government sold it so that it was now a publicly listed, fully private company. There were two major divisions of the company: engineering, responsible for design and problem solving, and construction, responsible for the actual construction and repair of roads and bridges.

In the mid-1990s, Black Cap, like many New Zealand companies, had gone through several waves of reengineering and subsequent downsizing. It had reduced its numbers from over 700 employees at its peak in 1994 to just over 300 in 2000. It had sold off a major part of its construction division and maintained a minimal staff of construction workers. Now, Black Cap hired contractors—many of whom were formerly part of the construction division—to do the majority of the actual building.

The Origins of Knowledge Management at Black Cap Engineering

While the terms *organizational knowledge* and *knowledge management* had begun creeping into the company's language several years earlier, the knowledge management initiative got its real start in February. That's when Ed Willis, a senior executive, phoned Don Lucas, the information systems manager. Don recounted the conversation:

> Ed: What do you know about knowledge management?
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> Don: Not too much. Just what I've been reading in the trade magazines, and what I've been told by consultants. Basically, it's an attempt to strategically identify, store, and take maximum advantage of the company's knowledge resources—its expertise, which may be stored in databases, documents, and even in employees' heads.
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> Ed: Right, and it usually involves specially designed information systems, which is why I thought you'd know something about it.
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> Don: Some of the big companies have really gotten into it in a big way. The big consulting firms are pushing it as the next big thing.

Ed: Yeah, I know. I've been hearing that from the PricewaterhouseCoopers chaps we brought in to work with us on our outsourcing project last year. They say we've got to take KM more seriously if we're going to remain competitive.

Don: Well, I'd jump at the chance to look into it further. There are quite a few vendors selling KM technology, and of course the big consulting firms will gladly come in and help us design the systems we need.

Ed: Yeah, well, let's hold off calling them in just yet. I was thinking of attending a seminar on knowledge management that's being held in Auckland next month, but I don't know if I'm going to have the time. How would you feel about going?

Don: Yeah, I'd be quite keen to go.

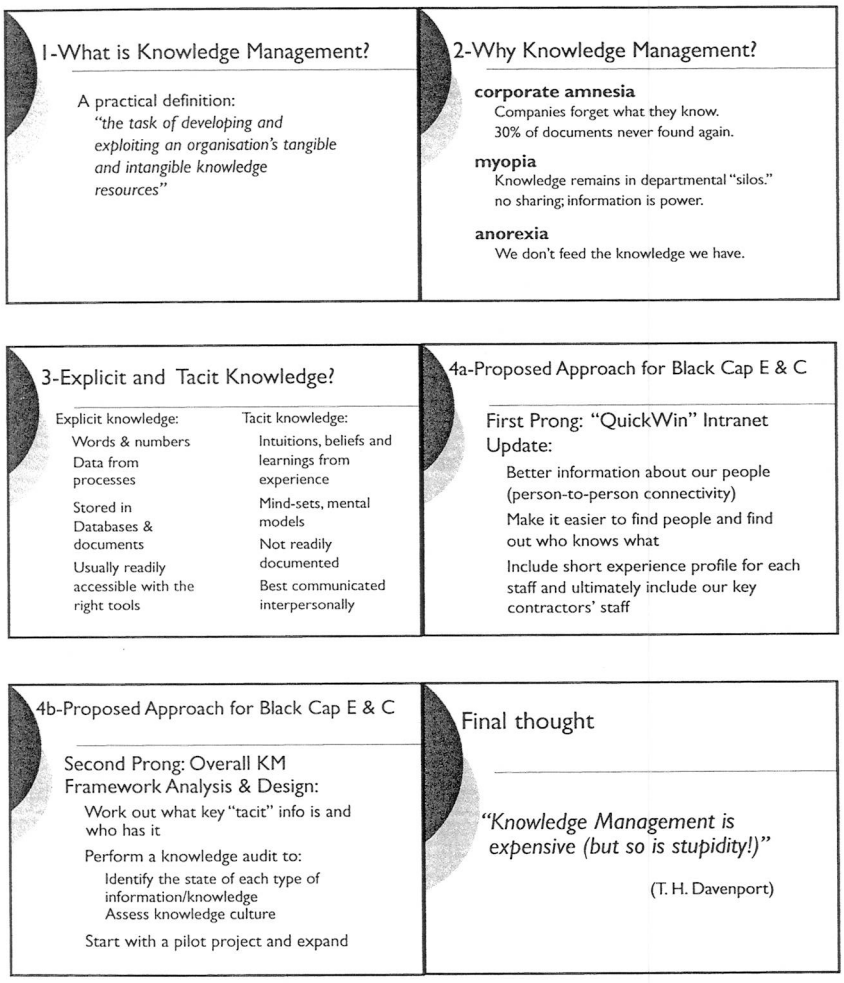
Ed: Great. And if you think it's worth pursuing, you could present an overview to the MG [management group] when you return. Before we could begin any substantial effort, of course, we'll need to get the MG to commit a budget for it.

After the Seminar

Don attended the seminar and as a result was even more excited about the prospects for knowledge management at Black Cap. "It just makes so much sense," he told his wife the night he returned from the seminar. "The main competitive advantage companies in today's economy have is their expertise, their intellectual capital. Why wouldn't we take stock of what we know and figure out how to store it and make it accessible to our staff?"

Don was given 15 minutes on the agenda of an April 2000 meeting of the MG, or management group, the company's top management team. As he prepared his presentation, Don thought to himself, "I have to convince them first that KM is not just some technology, but requires a change in our organizational culture. The KM experts say we need to find a way to tap into the tacit knowledge that people have in their heads and in their work practices. I also need to demonstrate a clear plan of action." So, for his brief presentation to the MG, Don chose the information about KM for his PowerPoint® presentation that he thought would be most convincing.

The MG had asked a number of tough questions. "What's the return on investment?" "How do you measure whether you've been



successful?" "How do we know this isn't just the 'flavour of the month'?" While Don didn't have specific answers to all of their questions, he suggested that measuring the success of the effort required starting with a knowledge audit to establish a baseline. That way, the company would be able to assess changes in practices and results.

He was also able to convince them of the reality of the problems that KM was purported to solve by pointing out some specific dilemmas the company had faced. For example, he reminded them, "Remember earlier this year when Stuart Tamahere left the company? Everyone in the public affairs department panicked because Stuart had such a wealth

of knowledge about government practices. Stuart had all that stored in his head, just like any other experienced professional. And it all went out the door when he left. We've lost a lot of people—some of whom we didn't want to lose—with our downsizing and outsourcing initiatives in the past few years. If we had done a better job of capturing and storing what they knew, we wouldn't have been so vulnerable."

After some discussion, the MG decided there was enough of a good idea here to ask Don to write up a project justification. Don consulted with Tom Kirk and agreed that Bill Inglis would be a good choice for project manager. After getting Bill's buy-in, Don and Bill developed and submitted the project justification form to the MG, along with a requested budget of $100,000 for the remainder of the fiscal year.

Project Justification Form

Project Title: "Knowledge Link"

Scope of work

1. Undertake a knowledge/information audit throughout the engineering division, including staff interviews and review of information holdings. Identify and communicate the available subject matter experts for key business processes and any missing areas of knowledge/skill that we need to obtain or outsource.
2. Implement a restructured information storage system for paper and electronic files.
3. Implement an improved intranet structure to simplify information searches.

What will the project achieve?

1. Find previously unidentified knowledge/skills and information, not readily available to other staff, that may be possessed by individuals. Identify any missing areas of knowledge or skills that we need to obtain (either by employment, upskilling, or outsourcing).
2. Time savings in searching for electronic and/or hard copy information.
3. Make the existing knowledge base of engineering more accessible, which is important as an enabler for our in-house and external consulting activities.

Who will perform the work?

1. Knowledge audit: External consultant (will require availability of a large proportion of engineering staff for interviews).
2. Restructured information storage:
   - LAN/database/intranet/search engine—IT contractors.

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- File recoding or database entry—support services staff responsible for library, archive, and file records, with assistance from temporary staff.

When will the work be performed?

July 2000 to April 2001.

Alternatives considered

1. Base option (do nothing). Continue with existing plans to revise records filing and electronic filing without a knowledge audit. This would not provide benefits of understanding the business needs of staff and the hidden knowledge potential that is believed to exist. It would also not identify any areas of weakness that we need to build on.
2. Proceed to a wholesale EDMS (Electronic Document Management System) architecture. This is extremely costly, requires a clear understanding of knowledge and information requirements to begin with, and does not in itself deliver the cultural changes necessary to effective sharing of knowledge and information. For full benefit, a complete change in document-handling processes is required, and the project as proposed will provide a good platform for future development into EDMS when it becomes cost-effective.

Signatures

Project Champion_____

Don Lucas

Project Manager _____

Bill Inglis

Director_____

Tom Kirk

Planning for Knowledge Management: Creation of the Knowledge-Link Task Force

In May, Don received a response to his project justification. It was in typical form—a brief memo from the secretary of the MG. The memo simply stated, "We agree to provide $40,000 in funding to support the project in the short term, which will provide the opportunity for a project team to explore the feasibility of implementing a full-scale knowledge initiative. We will reconsider funding it fully later in the year, once the team has developed more specific proposals, objectives, timelines, and ROI estimates."

Don discussed this response with Bill shortly afterward. Don explained that he had mixed feelings about the memo. "I was happy they thought enough of the project to fund it partially, but I'm concerned that we might never be able to provide the sort of tangible measures that would satisfy them. After all, the MG is almost all engineers, and they're used to dealing with concrete, steel, and asphalt, not fuzzy things like knowledge and intellectual capital."

Bill laughed. "Well, I'm one of those engineers, and I think you're right. But we can't expect them to give us hundreds of thousands of dollars if we can't be fairly specific about what the company is going to get in return."

Bill, too, had mixed feelings from the beginning. He thought KM was a good idea. After all, it made sense to identify the company's expertise, their intellectual capital as the KM gurus called it. It made sense to try to capture expertise and make it available to staff as they go about solving problems and making decisions. But he also empathized with the MG's wish for specifics. As an engineer himself, he felt a lot more comfortable dealing with engineering projects than with "HR and IT projects"—which is what he considered KM.

And he also empathized with his boss, Tom Kirk, who had said to Bill when he was first assigned to be project manager, "This whole knowledge management idea sounds a bit esoteric to me. I want you to see if there's something tangible there. If not, let's can it and move on." That suited Bill fine, since he was very committed to a systems approach to project management: identify the objectives very precisely, identify measurable outcomes, and set up systems to achieve them.

Within a week after receiving the MG's statement of initial support, Bill and Don had identified appropriate members of the task force and set up a meeting, to be chaired by Bill as project manager. They wanted members who represented multiple divisions of the company, especially people in roles they thought would be key to making KM work. So, in addition to Bill and Don, the members included Christine Post, the newly appointed human resources manager; Janet Harrison, strategy and business systems adviser; Cliff Anglesea, environmental engineering manager; and Vikram Singh, an information technology specialist who worked closely with Don.

The Knowledge-Link Task Force's First Meeting

Getting ready for the meeting, Bill contemplated what this team needed to get a good start. So, before the meeting, he sent an email to the task force members with a suggested agenda, and he attached electronic copies of the project justification form and the response memo from the MG.

The suggested agenda items were the following:

1. Overview of task force charter—led by Bill
2. Presentation on knowledge management—led by Don
3. Creation of a formal task force charter—led by Bill

When everyone arrived for the first meeting, Bill worked through the agenda. He started by saying, "As most of you know by now, we've been asked to consider whether and how to do a better job of knowledge management in the company, or specifically, the engineering division for now. You each received the project justification that Don wrote up, and Don's going to give us the overview of KM that he presented to the MG, just to get us all on the same page as to what KM is and what we can do with it. Then, the third item I have on the agenda for today is the creation of a formal project charter for our task force. Don and I have made an initial stab at this, just to give us a starting point to work from. I thought we'd see where we can get to today, then bring the draft document back to our individual departments for feedback, and try to revise and sign off on the charter at our next meeting, in three weeks or so."

There were nods of approval, but not much discussion, not even questions. So Bill invited Don to make his presentation. After the presentation, a lively discussion ensued about the possibilities for implementing KM at Black Cap E&C.

"I don't mean to be cynical," said Janet, "but I think we as a company are terrible at sharing knowledge, and it starts at the top. I mean, what you're describing, Don, sounds fantastic, but can you really imagine people sharing knowledge freely in the way you're describing it? I mean, I can't even get the MG to give me enough information to draft a decent strategic plan!"

Cliff reinforced her point. "I know what you mean. I'm supposed to be representing the company in environmental negotiations with the government, and I feel like I'm working in the dark half the time."

Janet added, "Right, and what you're talking about is a real culture change."

"You're right, it is," replied Don. "And I don't pretend it's going to be easy. But if we're going to truly manage our intellectual capital—and not just continue hiding it or letting it walk out the door—then we . . ."

Vikram interrupted Don. "It's more like we *push* it out the door, from what I can see of the company's record of downsizing over the past few years."

"Right." Don continued, "That's exactly the sort of thing we have to change. We've failed to recognize what we're losing with those staff departures, and we've failed to recognize the value of the knowledge we have here now."

"And you expect the same management that authorised those downsizings and that keeps us guessing about what's happening in the company to accept a change to a knowledge-sharing organization?" Janet chimed in as she rolled her eyes and shook her head.

Christine added, "Not only accept, but *lead.* I'm new here, so there's much I don't know about this company. But you don't get culture change without top management setting an example. After 20 years in HR and organizational development, I've seen lots of failed attempts at changing organizational cultures."

Bill thought it best to turn this conversation around. "Right. Well, folks, as we can see, this is potentially a very ambitious—maybe even too ambitious—project. What we have to decide is what we want to attempt to do, and try to agree on some objectives and a plan."

At this point, Bill passed out the draft project charter. The group generally responded positively and worked for 20 minutes or so to edit it to their liking. Then they agreed to take the charter to their own departments for feedback and meet again in three weeks.

The KM Implementation Process Begins

By the end of the second meeting, the task force members had agreed on a project charter.

Additionally, over the next two months, the group met four more times and took several actions.

Knowledge-Link Project
Project Charter Approved by Management Group

Title: KNOWLEDGE-LINK ★ Knowledge ★ People ★ Information

Objectives

- To identify critical knowledge and facilitate access to and use of existing information.

Scope: To Include

- tacit knowledge from all engineering staff.
- existing paper and electronic files and information across engineering division.
- consideration of the database framework.

Methodology

- Project Management
  1. Use the project task force as a steering committee to decide how the project is implemented and to communicate closely with all staff to facilitate change to a culture of trust and knowledge sharing.
  2. Closely monitor costs and review projected costs.
  3. Establish a methodology for assessing the success of the project in terms of the objectives and business value.
  4. Integrate the results of past and current projects (e.g., engineering business systems project; filing system in the environmental section; establishment of intranet drive for common access to files).
  5. Complete the project closeout report by June 30, 2001.
- Investigations
  1. Audit the existing knowledge, information sources, and requirements throughout engineering and establish gaps.
  2. Investigate solutions for storing and presenting information, and to reduce identified gaps in knowledge and information.
  3. Investigate the physical environment for knowledge transfer.
- Report on the outcome of investigations and make recommendations
- Implementation
  1. Implement selected recommendations.
  2. Restructure as necessary the information storage systems for paper and electronic files.
  3. Communicate the revised framework and philosophy to all engineering staff.
  4. Post-project monitoring and review.

The KM Seminar

In July, they hired a consultant to present a half-day seminar on KM to the task force and to other interested members of the organization. Don and Vikram were the primary organisers of the seminar. Since these two had a large network of colleagues in the IT field, the task force members agreed that they were in the best position to identify an appropriate consultant to work with. Don sent invitations to the entire MG to attend the seminar, as well as to midlevel managers—in other words, the people considered key to the success of the KM initiative. Unfortunately, because of their busy schedules, two MG members declined the invitation and two others canceled at the last minute. Thus, Tom Kirk and Ed Willis were the only MG members who attended, and each of them had to leave the session on a couple of occasions to handle pressing business issues. In fact, Tom ended up missing more than half the session. The seminar was very informative for the task force members and the half dozen or so middle managers who attended.

The task force members were appreciative of Don and Vikram's efforts. But Janet and Cliff shook their heads and exchanged knowing glances when told about the MG members who declined to attend and those who canceled.

Connecting KM With Departmental Goals

In July and August, members of the task force took turns reporting on how projects they were working on in their departments might interface with the KM initiative. It became apparent that almost every department had its own specialised information management systems that worked in isolation from the others. For example, Janet reported that her group was currently in the process of overhauling the engineering division's primary management information system (MIS). She suggested, and other members of the task force agreed, that it was critical for that project to align with the KM initiative, since so much critical information was stored and processed in the MIS.

In September, the group agreed to write a bulletin outlining their plans and progress and to circulate it to all members of the engineering division. The bulletin was intended to educate staff on KM, to get their buy-in, and ultimately to begin changing the culture to be more KM-friendly. Vikram drafted the first bulletin. After some discussion, the group agreed that Bill should edit it to make it simpler, less technical.

Also in September, the task force reached agreement with a local management professor to conduct a knowledge audit for the engineering division. The objectives for the audit were defined as (a) assessing the extent to which the organization records, shares, and uses knowledge resources, and (b) identifying areas where knowledge can be managed more effectively both within the organization and at its interfaces.

The management professor, Scott Corner, was invited to attend the sixth meeting of the task force. He had been contacted initially by Vikram and had had several conversations with Bill before the meeting. Thus, he came to the meeting with a draft plan for the knowledge audit.

After Scott was introduced, Vikram led off the meeting with, "I know he has some questions he'd like to ask us."

"Thanks, Vikram. I guess the big question is, how and why did this knowledge management project get initiated?"

Cliff was the first to respond. "Oh, that's easy. A bandwagon rode by and we hopped on."

Everyone except Scott laughed. Seizing the opportunity, Bill provided a quick history of the project. When he finished, he asked, "Scott, maybe you could tell us a bit more about your plan for the knowledge audit."

"Okay. I've made the plan fairly generic at this point, because I need to be clearer about your goals for the knowledge audit."

Janet said, "So do we, Scott." Everyone in the group but Don laughed.

"That's the problem, really," Cliff explained.

Don attempted to take the group's discussion to a more serious level. "Well, if you take a look at our project charter, what we've said is that our goals for the audit are to examine existing knowledge, information sources, and requirements throughout the engineering division and then establish where the gaps are. That's it really, to identify what knowledge we need in order to function well and what's easily available, and then to identify the gaps between the two."

Bill added, "Scott, I think the plan you have on paper looks good as a starting point. As I understand it, you plan to start with interviews and focus groups of key people focusing on what knowledge they think is essential and where they get what they need."

"Exactly. Plus some other things like what they see as current attitudes and practices toward sharing knowledge and what they think could be changed to make critical knowledge more accessible."

The group supported the plan and agreed that Bill would check the plan out with Tom Kirk. Then, assuming Kirk approved it, Bill would work with Scott to begin the audit. The meeting was winding down, but it was obvious that not all of the members were satisfied.

Vikram asked, "Isn't there anything more we can do in the meantime? I mean, what does the task force do while the audit is taking place?"

Bill said, "Well, continue to report progress to and get feedback from our teams for one thing."

Don confirmed Bill's response. "Right. I know some of you have told me you haven't been doing that, and we absolutely *have* to. It's critical to winning support and making the changes we hope to make."

"That's fine," said Cliff as he looked around the room to determine if others had similar sentiments. "But we've been at this for four months now, and I'm still not sure where it's all going. It seems like a massive project just doing the technical stuff—aligning all these databases and information systems. It's bigger than what we can hope to manage with the resources we have. Besides, the softer side—changing the culture—is probably going to be harder still, given the ingrained practices here."

Christine quickly agreed with Cliff. "I know what you mean, Cliff. I think that if we could make this happen, it could be huge. We could make this company great if we could pull it off. But I don't know if we can. We really need top management to step forward."

"Listen, nobody said change is easy," Don cautioned them. "But if we don't do this and do it right, this company is just going to be mediocre. We keep talking about being world class and innovation leaders. Let's get the MG in here and tell them what they need to do."

After a brief pause, Janet asked suspiciously, "So, we're going to tell the CEO how he has to change, ay?" Nervous laughter kept anyone from answering.

Scott jumped in. "If I can add my opinion here, getting top management support is absolutely critical. But there are two choices: Get their buy-in before you move forward, or get some tangible results, then sell them based on your initial success." . . .

After several seconds of silence, Bill suggested, "Uh, well, we could ask Tom Kirk to meet with us and talk through some of these issues."

After several more seconds of silence, Don agreed. "Yes, let's do that. Maybe he can advise us on how to frame this for the MG."

Bill concluded the meeting. "Okay, then, let's meet again at our regular time one week from today and ask Tom to come along. Scott, could you join us, and perhaps take that opportunity to address any questions Tom has about the audit?"

The End of the Line for Knowledge Link

When Bill invited Tom to the meeting, Tom seemed to be a bit cagey in his response: "Um, I'll see. I'm still not sure about that project. I'll let you know if I can make it." It turned out to be three weeks before the meeting could be scheduled. Because of other commitments, Scott wasn't able to attend.

Tom looked quite grim as people arrived for the meeting, not smiling and not making eye contact with others. He kept his focus on some papers he had brought with him. When Bill officially opened the meeting, he reminded the group that they had asked Tom to come in and discuss some of the thornier aspects of implementing KM. "Our hope is that you can give us some guidance on how we can broach some difficult issues with the MG, Tom. In particular, we want to focus on how to get their buy-in."

Tom, however, held up a hand as if to say he had something to say first. "I'm sorry to be the bearer of bad tidings, but the MG has decided not to continue funding this project, at least not in the way originally envisioned in Don's project justification. I've been keeping up with your, uh, progress over the last four months through discussions with Bill and through your meeting minutes. I've shared my concerns with the MG, and we're convinced that this project isn't likely to produce the sort of tangible outcomes needed to justify the time and cost. Besides, there have been some new developments that are demanding our attention. We agree there are some specific things that need addressing, like upgrading the intranet, so we're willing to provide a small amount of funding for that. But I'd like you to rethink the scope of this project to focus on some specific improvements with immediate payoffs. Now, I'm prepared to take any questions you have, but I'm afraid that's the bottom line for now."

No one asked questions, so Tom excused himself from the meeting. When Tom left, however, the questions and comments started flying.

Don's face was red, but he was the first to talk. "What a load of crap!"

Janet agreed, shaking her head and rolling her eyes. "See what I mean? These guys don't plan to change, and the only change they're going to support is if it means everybody else changing, but not them."

"Well, hold on a minute. Let's look at it from the MG's point of view," said Bill.

Immediately Christine added, "Bill's right. We should . . ."

Interrupting her, Don broke in, "The MG's point of view? Okay, I see a committed group of people trying to make this a better company!"

Cliff turned to face Don. "Oh, come on, Don. We've just been too pie-in-the-sky for them to buy into this."

"Well, maybe it wouldn't be pie-in-the-sky if everyone would do what we agree to," claimed Don.

"Absolutely," Vikram said decidedly.

Looking both bewildered and angry, Cliff asked, "And what's that supposed to mean?"

Trying to regain control, Bill pleaded, "Look, people, hold on a minute. I know you're frustrated. We've put a lot of time and effort into this to have the rug pulled from under our feet. Let's call it a day and think about this, then get together in a week or so to see what we want to do."

The meeting ended with some heavy sighs and grumbling.

Now Bill was back in his office. He knew it wouldn't be long before Don came knocking, wanting to blow off steam if not actually conspire to storm the boardroom for the MG's next meeting. What should he advise the group? He wasn't sure. He realized he stood to lose quite a bit of credibility in the eyes of a number of people as a result of this. But maybe it could still be salvaged. Maybe. ✦

* This case has been developed based on real organization(s) and real organizational experiences. Names, facts, and situations have been changed to protect the privacy of individuals and organizations.