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Optimizing Returns from KM

It is not uncommon to observe that managers and their teams often come up with brilliant ideas and find solutions or provide a warning about imminent dangers, only to find the top management ignore the same. However, the moment an external consultant conveys the same, the management suddenly sits up and takes notice. In other words, managers often end up chasing momentary trends, follow the footsteps of other companies, involve themselves in competitive benchmarking and seek the guidance of external consultants. These companies ignore the valuable internal ideas and suggestions.

According to Jeffrey Pfeffer, the Thomas D. Dee II Professor of Organizational Behavior at the Graduate School of Stanford University, knowledge generated from within the organization is often 'devalued'. It is seldom utilized optimally. Ironically though, organizations are often believed to suffer from the NIH (not-invented-here) syndrome – the favoring of internal knowledge vis-à-vis external. At this juncture, it is important to note that the existence of the NIH syndrome and its reverse is purely incidental on the situation and the prevalent managerial attitude. For example, certain managers may have got their positions and promotions owing to the ideas generated from within the company while some may have achieved success by adopting ideas from external sources.

Generally, more credence is given to a neutral authority's recommendations. Moreover, internal sources of information may not have been tested by the external agencies leaving an element of risk and uncertainty. It is also observed that a manager applies knowledge that will grant him certain status within the organization. Moreover, use of internal or external knowledge is subject to the nature and extent of competition and the culture of the organization.

Risks involved

Valuing external sources of knowledge more than the dependable internal sources not only de-motivates employees but also adds to organization costs. Moreover, building sustainable competitive advantage is seldom possible without utilizing the internal sources of information, as the external sources are available to all, including the competitors. In other words, tacit knowledge that is generated from within the organization provides the long-term competitive edge. However, excessive focus on internal information makes organizations 'environmentally blind'.

Picking up the essence

Evidently, organizations have to take the best of the internal and external sources of information depending on the need. However, for long-term strategic interests, the internal information sources are more reliable. This necessitates organizations to encourage innovative thinking amongst employees across all levels and functions, and storing such knowledge in a KM system. Ideally, organizations need not bother about the source of knowledge. Knowledge should be valued for its validity, importance, utility and potential.