

Verna Allee: Rethinking Knowledge Management

By Steve Barth

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How did knowledge management become part of your work?

My background is in the learning organization, but I could never get people interested in doing anything with that idea. I was coming at it differently from the usual organizational learning crowd. I always linked knowledge with learning, and most people did not understand the questions I was asking.

You've also done some benchmarking work, right?

I supported benchmarking because it was one of the few areas where cross-organizational knowledge sharing was really happening. So it was a way to sneak in the work I really wanted to do, which was about learning and systems thinking. It also got me interested in transfer of knowledge, because we were dealing with a huge amount of qualitative data. So the question was how can one scan business literature and practices in a meaningful way and integrate them back into the things that you do on a daily basis? More importantly, how do you find the knowledge you need and apply it to your situation quickly? Speed has always been an important aspect of my work. It was a wonderful discipline to only get a day or two of actual "face time" to get results. I learned ways to get to breakthroughs and insights quickly.

Who is your typical client?

Most of my clients are large corporations. They're either trying to get off on the right foot in launching a new knowledge initiative, or they have some maturity with their KM initiatives and are ready to take the work to the next level.

Is it fair to say that your work tends to be up-front, helping clients strategize or re-strategize?

Yes. I think of knowledge management as three levels of activity. At the strategic level you help people understand the role of knowledge in creating value. At the tactical level you help people apply, create and share knowledge. Then at the operational level you help individuals accomplish their daily tasks more efficiently and build appropriate technology platforms. Most of my work happens at the strategic and tactical levels.

What do you think is the unique aspect of your thinking?

What I do--that a lot of other people in the field don't--is help my customers fundamentally re-think their business, not just put a nice KM overlay onto it and patch it into the existing strategy. Through the work that I do, they actually start to look at their business in a very different way.

The intellectual impact is that once they are out of the box, they literally cannot go back. It is a relatively short learning time, too. If I really have a chance to work with people, we can get to that new thinking pretty quickly because I can demonstrate it through my tools like the value network analysis, knowledge complexity framework and the perspective of communities of practice. The community focus, of course, is not unique to my work, but it is certainly one of the mind shifts that must happen. Once people really see the business dynamics from the knowledge perspective--from the perspective of intangibles--they simply cannot go back, because these are better explanations of what makes a company successful.

How does that in turn create business impact?

One of my contributions is preventing people from wasting a lot of money. If we can get off on the right foot, they can save literally millions of dollars. One of my favorite stories concerns a software company that called me because they had built a database for sharing best practices and no one was using it. They asked me to help them figure out why. It was really obvious that they had not spent a single penny of something like a \$7 million investment in first trying to understand how people were already sharing knowledge. They started with the technology question instead of the people question.

A little time up front getting to the right question can save people literally millions of dollars. So it is hard to pinpoint the business impact because a lot of what I do is head off those kinds of mistakes or help identify major structural or policy issues that they would have otherwise completely missed. These can be really expensive mistakes that cause problems down the line.

Occasionally I will spend some time working with executives and they actually decide not to pursue a KM focus. After we explore the implications, they realize that they are not prepared to support

the culture changes, the investment in behaviors, the right kind of support. For some people, it is much easier to buy a hard technology like software or computers than it is to buy expertise. Yet that is where the advantage really lies. People really save the money by getting their act together before they begin.

It's frustrating to realize that to managers, strategy work feels like theory. Well, it is. But I think people in our field like Hubert Saint-Onge--whom I regard as a superb theorist--prove that it works. If you do your up-front time conceptually, you don't make the costly mistakes, and you have a much higher chance of success. We have seen a number of KM initiatives that haven't been so successful. I really believe that a big reason is because people don't do the strategy work up-front. I don't mean aligning KM with strategy--that is completely the wrong question. If you approach this the right way, you are actually rethinking your strategy and understanding your business in fundamentally different ways than you would without this view of the world.

What is the biggest barrier that you face in your work?

I have to deal with a confidence factor. When companies undertake something new, they want assurance of success, but there are so many variables that you can't guarantee success. To play it safe, people often will scale down their expectation of what they want to achieve, and then they achieve a limited perspective and call it KM. For example, they might just rename and pump up their customer support center. Or they'll call one of the large consultancies because they think they'll get better assurance of success. The large consultancies have valuable contributions to make, but that doesn't mean that a client will be more successful. Certainly they will spend a lot more money.

When things don't work well, people's tend to correlate the investment of more money or an expensive technology platform with more successful KM." In some of the most effective KM initiatives, you actually don't see a huge financial outlay.

KM Dossier

"I help people rethink their business, not just put a knowledge management patch on the existing strategy." If more and more corporate boards are hearing the message about how KM changes the rules of business, Verna Allee is one of the chief reasons.

Allee consults for large corporations, working with board members, directors and senior executives. Typically, her clients are either preparing to launch their first knowledge initiative or taking an on-going KM project to a higher level.

At the heart of her approach is a proprietary method called Holo-Mapping that visually maps how different forms of value flow in and around the organization. With sticky notes, colored markers and flip charts, she depicts the movement of traditional exchanges of goods, services and revenue as well as flows of knowledge (competitive intelligence and customer feedback, for example) and returns on intangibles (such as customer loyalty and brand recognition). The intent, Allee says, is to help clients reconfigure their business models for the knowledge economy. Her peers say that simplifying complexity is one of her key strengths. "Verna provides a visual understanding of the highly complex interchange of tangible and intangible values between various entities within and outside the organization," says Bipin Junnarkar, vice president and chief knowledge officer of Gateway Inc. in San Diego. The result, he declares, is the "creation of economic value."

"I have seen a lot of KM initiatives that haven't been successful. A big part of that is because people don't do the strategy work," Allee says. "A few days up front can save millions of dollars." In one instance, a large software company that had built a database for sharing best practices brought in Allee to determine why no one

was using it. After investigation, she reported that even though the company had invested \$7 million in the project, not a penny of that had been spent on understanding how people in the organization were already used to creating and sharing knowledge.

She is also a synthesizer. "I try to show people how the pieces fit together—at the strategic level, trying to understand the role of knowledge in creating value, and at the tactical level, trying to help people apply and create and share knowledge," Allee says.

However, she adds that few companies are prepared for the deeper implications. "The biggest challenge is helping people understand how radically different this view of the world is," she says. "I help people rethink their business, not just put a knowledge management patch on the existing strategy. Once people see the business dynamics from the knowledge perspective, they are out of the box and cannot go back." What makes Allee's approach work, clients say, is that she stays grounded in business realities. "She knows how to tie everything to the bottom line," says Barbara Mayron, a performance consultant and knowledge broker at Sun Microsystems Inc. who worked with Allee on several projects.

In one engagement, Sun asked Allee to develop an evaluation methodology for training that would embed the knowledge and data flow needed for evaluation into the training process itself. "Her HoloMapping program is invaluable," Mayron adds. "Senior managers and directors all buy into the concept of how knowledge should travel." In *The Knowledge Evolution: Expanding Organizational Intelligence* (Butterworth Heinemann, 1997), Allee proposed an integrated framework for knowledge, learning and performance that proved prophetic. "Verna was way ahead of her time," Mayron says. "People are finally catching up with a readiness to listen to what she has to say."