Opening up

By Andrew Hedley, director, Hedley Consulting

Every firm has huge untapped potential in the form of hidden knowledge about clients, relationships, experience and technical issues. If unearthed and shared, this could create a step-change improvement in business performance.

Generally it is not a paucity of systems that prevent firms from capitalising on knowledge. This is not to say that systems aren't important, but rather that what really matters is attitude. Systems drive speed and efficiency. Attitude drives effectiveness.

A couple of years ago I mooted the idea that firms didn't just need to have systems and processes in place to capture, codify and make available knowledge. They also had to focus on the effective utilisation of that knowledge at its point of delivery. Without this, the most efficient logistics in the world will not produce the desired result. I used the term 'knowledgeability' to describe the attitudinal and cultural shift that is needed. Knowledgeability is a collective term for the many techniques by which a firm's latent knowledge can be transformed into business assets. These assets can then be used to enhance client relationships, improve profitability and drive growth. The key to realising this opportunity is to shape culture to prioritise knowledge sharing.

There are three distinct aspects of culture that need to be considered in this assessment – the cultural norms of the profession, the society within which the firm operates, and the attitudes and behaviours that define the firm itself.

Taking the first of these, individuality and the ability to exercise judgement and personal discretion lies at the core of the value systems of most traditional professions. Consequently, they are deep-seated drivers of the behaviour of many professionals. Personal knowledge is central to the power structure found in traditional professional-service firms. It follows that the alignment of professional status with unique and valuable personal knowledge is a cultural trait that runs deep through the genetics of the business. This cultural paradigm presents significant challenges for those tasked with developing modern, open organisations in which knowledge is shared for the benefit of all, rather than being treated as a negotiation chip for the advantage of the few.

Taking the second dimension, and looking at a societal level, Geert Hofstede (in his wide-ranging and hugely informative study, *Culture's Consequences: Comparing Values, Behaviors, Institutions and Organizations Across Nations)* identifies a small number of key dimensions on which national cultures have identifiable differences that model business structures and performance. Interestingly, in the context of the professions, the 'individualism vs collectivism' trait is revealing when considered as an additional layer of cultural influence on attitudes and actions. For example, the top-ten individualistic nations include the US (first), the UK (third) and Italy (seventh). In these countries it can hardly be surprising that the combination of the inherent ego drive of the professional, together with the cultural context of the societies in which they live, creates a greater disinclination to share knowledge. To do so runs the risk of reducing personal power and status. Societies with a more collectivist approach include much of Latin America and South East Asia. It might be reasonable to expect that cultural resistance to sharing would be lower in these countries.

As for the firm itself, how does a management team put in place mechanisms to encourage open access to knowledge? One of the key drivers for success is the ability to develop a culture in which recognition, reward and organisational power are all derived from sharing rather than hoarding.

However, a question to be considered before attempting such transformational change is whether the climb will be worth the view. Will the upside of sharing be worth the time and resource investments needed? Estimates indicate that, even in firms with advanced knowledge-management systems, well over 80 per cent of all organisational knowledge is tacit (i.e. not written down in systems but residing in people's heads). Much of this knowledge will be about relationships, clients and contacts, and this fact raises both defensive and offensive issues.

Knowledge shared militates against its loss to the firm when people leave; although, of course, for an individual the market value of knowledge lies in its uniqueness to a large degree.

Knowledge shared can also be a catalyst for broadening and deepening client relationships. It will often be the case that hidden linkages become apparent through open discussion, for example in a key client forum.

Most importantly, the halo effect of these attitudinal changes will be the creation of a more inclusive firm with a common sense of purpose. ■

Andrew Hedley is the director of Hedley Consulting and a member of the* Managing Partner *editorial board. He can be contacted at: andrew.hedley@hedleyconsulting.com