

The British Knowledge Economy – London Conference

In early March, Knoco took part in “Building the British Knowledge Economy – securing global competitive advantage.” This was a big conference with strong representation from the UK government, regional authorities and the universities. A former UK science and innovation minister, Lord Sainsbury, presented, while the secretaries of state for innovation, universities and skills and for business, enterprise and regulatory reform answered questions. Management and innovation guru, Charles Leadbeater, took part in a panel discussion, and European Union trade commissioner Peter Mandelson contributed via video.

Knoco was there not only to represent Knowledge Management, but also to find out what the “Knowledge Economy” is all about. It’s a phrase we’re hearing more and more, but what does it mean?

What is the Knowledge Economy?

Today’s economy is truly global. As a result of the open markets boom, supply chains now cross countries and continents. Much of what is traded is not finished goods, but intermediate goods.

The competition is for the high-value end of the economy – not necessarily the manufacturing end, but rather the design end. A \$300 *iPod* may be built in China, but China may only see \$3 of the value. The Knowledge Economy is where the remaining \$297 of value is realised.

There was much debate about “What is the Knowledge Economy?” Is it hype? Is it the dot.com bubble? Is it reality? Eventually this definition was proposed: *The Knowledge Economy is where distinctive know-how is vital to competitive services and products.*

Distinctive...vital...know-how? Sounds like home ground for Knowledge Management, doesn’t it? At this stage we were feeling quite optimistic.

What drives the Knowledge Economy?

There was a better consensus over this question. The Knowledge Economy is driven by affluence. As people have more money, they generally

do not spend it on “more stuff” (thus just boosting the existing economy), they spend it on “a better life.” Better quality, higher technology, better design and better service, which requires higher technology and greater creativity to satisfy. Affluence drives the base economy only to a certain point, and then it stimulates the Knowledge Economy.

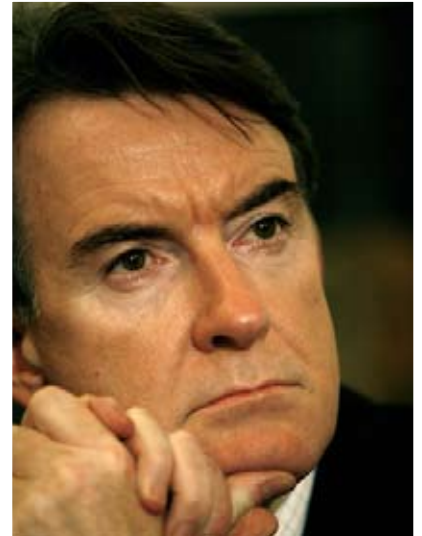
Where is Britain in the Knowledge Economy?

Many graphs and pie charts were shown, largely resulting from Work Foundation research. Part of the problem is this: How do you measure the Knowledge Economy?

Metrics used at the conference included the number of people in work with higher qualifications, or the number of people working as managers. These to our mind are pretty flaky measures, but it’s hard to think of better. In terms of performance, the UK is not doing too badly at all: number two in 2002 in the Knowledge Economy league table (*see footnote*), behind Ireland. The UK Knowledge Economy is growing, from 36% in 1993 to 41% in 2002. The old divide between manufacturing and services is blurring, with companies like Rolls Royce (regarded by many as a traditional manufacturer) making as much business from services as from manufacturing.

The UK economy is not *just* a knowledge economy, but the knowledge component is very important. Without it, the UK would be in trouble.

However there were some concerns. UK spending on R&D seems to be lagging behind other countries, and keeping R&D in the UK seems to be an issue. In the private sector, the UK Knowledge Economy is geographically focused in the southeast, and old social fractures seem to be reinforcing, with a new division between the technology “haves” and technology “have-nots.”



EU trade commissioner Peter Mandelson

What is UK government policy towards the Knowledge Economy?

At Knoco, we believe governments have a key role to play in the Knowledge Economy. So we were somewhat disappointed that knowledge management received no mention from the podium, or in the panel discussions.

Much of government policy seems to be focused on education – on the universities, on improving the links between universities and businesses, on incentivising clusters of business around the universities, and in using regional government or local government for setting up “knowledge centres” or “knowledge cities”.



UK innovation secretary John Denham

Indeed, one of the afternoon conference activities tried to replicate the format of a popular UK reality TV show, *Dragon’s Den*, in which would-be entrepreneurs present ideas for products or services for which they need funding to a panel of successful entrepreneurs. In this conference’s look-alike session, a panel was asked to judge three cities’ bids to be a UK knowledge centre. Where there was a real government focus, it was on science and technology, and on R&D.

How does Knowledge Management support the Knowledge Economy?

Where was the KM insight at this conference? Where are the facilitated communities? Where was the understanding that innovation comes as much from a focus on work as from a focus on blue-sky R&D? Where was the understanding that learning is something organisations do, as well as individuals?

Sadly, this was mostly missing, until the final presentation. Here, Geoff Mulgan, of the Young Foundation, said some good stuff about facilitating the flow of knowledge, rather than looking at the stock of knowledge. For example, the success of the Australian wine sector is partly down to intensive networking in a very technology-driven business. The UK needs to focus on knowledge pull and on networking, and also to look at tight linkages between the knowledge suppliers and those who need the knowledge. These are messages Knoco fully endorses.

There is definitely a role for Knowledge Management in the knowledge economy. At Knoco, we see this as having three components.

- A focus on critical knowledge areas, and development of topic-specific clusters rather than just “high tech” clusters
- A Government-facilitated regional approach to deliberate, strategic and facilitated networking
- Government providing a definition of what good knowledge management means, and supporting education for companies on “learning how to learn”. In future, if the Knowledge Economy is to develop, companies need to develop the capacity to be learning organisations. They need to learn how to learn at a pragmatic level, and this needs support (and we don’t just mean closer links to universities).

Sadly we fear we are a long way away from this at the moment, but that final session of the conference gave us hope that Knowledge Management principles are beginning to be recognised as something that can underpin a knowledge economy upon which the success of a country like Britain depends. ♦

** (Measured within the OECD as share of knowledge-based industries in gross value added, 2002, Figures presented by the Work Foundation)*

Knoco’s Nick Milton is CHAMPS’ “Lecturer of the Year”

In February, the internationally acclaimed Chalmers University Management Program, Sweden (CHAMPS) announced that Knoco’s Nick Milton had been chosen as its “Lecturer of the Year.”



Nick Milton’s happy CHAMPS students!

This award is given to a CHAMPS faculty member who has provided high value to participants through distinguished

content and communication skills (primarily measured by course evaluations), and who is responsive and cooperative in session design, preparations and administrative matters (assessed by program directors and program coordinators).

The award announcement reads as follows “The CHAMPS Lecturer of the Year Award of 2007 has been awarded to Nick Milton for his excellent abilities to combine solid experience with theory and to pedagogically convey actionable knowledge and concrete solutions. During 2007, Nick Milton has contributed to several of CHAMPS management development programs and his sessions have recurrently been highly appreciated and received top evaluation scores by its participants.” ♦

The Knowledge Economy 2 – Rest of the World

Knoco's South Africa-based consultant Ian Corbett has been travelling extensively recently, and shares with us his thoughts on the Knowledge Economy from the standpoint of the developing world:

"Having just spent a month in Asia getting a feel for things there, I am afraid that the UK and the US are in for a shock. If you look at what's happening with pharmaceuticals, already they have just about moved to China. Will the Chinese continue to only do lower level R&D/clinical trials? Not a chance!

You only have to look at the speed with which they have invested in top-class facilities and the development of the knowledge and skills to use them. The same is true in India, where the concept of offshoring lower-end IT has rapidly transformed into high-end IT. The list is growing fast.

I would predict that the Knowledge Economy is about to shift location and the UK's approach of simply focusing on Universities, and the Business/University linkage, is not going to be the answer. Isn't it also interesting how the Asian world has focused on obtaining the highest quality education that the US and Europe has to offer?

Two things may change the balance of the Knowledge Economy, and these are the greater appreciation of education and the stronger work ethic in parts of the developing world. The provision of the internet has unleashed a vast pool of potential the likes of which the world has never seen - all it needed to ignite it was the opportunity which came through political change and, interestingly, a giant leap forward in infrastructure, which the US still cannot match.

What of Africa? There are glimmers of hope in southernmost Africa, but education and access will continue to be the major inhibitor, coupled seemingly with an inability to move forward with truly progressive ethical leadership at a national level, with the control of crime.

It was sobering visiting Papua New Guinea and meeting



Knoco's Ian Corbett seeking knowledge and enlightenment.

an Australian nurse, who made the comment: 'I've got your (South African) doctors, now I want your nurses.' We have the potential, we even see the emergence of capability, but the capacity to retain it is an exceptionally critical issue. Unfortunately that problem is not getting the level of attention it deserves.

We live in fascinating and changing times. The insights that struck industry a decade ago – that knowledge is a crucial asset and that management systems need to protect and realise the value of that asset – are now beginning to strike governments as well. If we wake up fast enough, there is a real and vital role knowledge management could and should play. The question is whether *leadership* - in the broadest sense - really has a grasp of the value of learning or whether it just pays lip service to it." ♦

Local Sustainable Communities

In New York, our US-based Knoco associate, Carol Gorelick, has been working with a project to build leadership in school-community partnerships: improving schools through strengthening communities.

Summarising the project, Carol says: "We have embarked on a three-year project to develop dynamic school-community partnerships that will support the social well being and intellectual development of students. By collaborating with selected schools and their extended communities in underserved areas of the United States and South Africa, the project team will focus on improving educational outcomes for young people and empowering them to become active and informed citizens.

"In Detroit, we have identified two schools and have DTE (the electric company) and Ford as active partners and an NGO. In South Africa, we have started work in



Children from WillowPark

two schools in East London. The plan is to twin a US school with a South Africa school and to create a community of four schools (eventually expanding). For me KM tools are critical for sustainability of these communities." ♦

New Knoco book hits the press

Our latest book in the *Knowledge Management For ...* series is now available. Written by Tom Young and entitled *Knowledge Management for Services, Operations and Manufacturing*, it is the sister volume to *Knowledge Management for Teams and Projects*. Peppared with real examples and observations from a variety of companies and organizations, the new book covers the issues of managing knowledge in continuous operations.

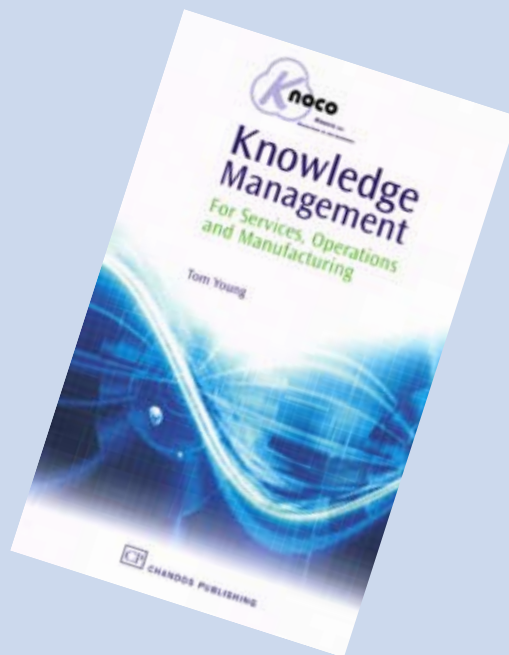
Opening with some theoretical chapters, the book then offers detailed descriptions of knowledge management processes, roles and technologies, which are suitable for an operational setting. The latter sections are packed with a series of case studies from the car industry, broadcasting, legal services, telecommunications, and other sectors. Real examples are offered from a diverse range of organisations including BP, General Motors, Orange, BBC and CFBT.

Order your copy of the book from:
www.amazon.co.uk

Future volumes may include *Knowledge Management for Sales and Marketing* and/or *Knowledge Management for Small and Medium Enterprises*. If there is an area on which you think we should be producing a text, please let us know.

Recent and forthcoming Knoco publications

The January/February issue of *KM Review* carries our latest article: "Assigning Roles and Accountabilities in KM." We have also submitted an article to *Inside Knowledge* magazine, called "How Knowledge Evolves - Knowledge maturity models and Knowledge Management." Contact us if you would like a copy of either of these. ♦



Another Knoco wedding!



Everyone in the Knoco family would like to extend their very best wishes to our India-based consultant, Siva Sai Kolloru and his wife, Ambica, on their recent marriage.

Finally...an apology!

As those of you who have visited our www.knoco.co.uk web site will know, we have two free downloads available - *the Knoco KM benchmarking tool* and *the Knoco KM risk calculator* - which are very popular. Recently, however, we received a number of telephone calls and emails requesting copies when they temporarily 'disappeared' from the web site. We don't know why or how they 'disappeared', but the good news is they have now been fully restored. If you haven't used them, take a look. You can find them under 'products'. ♦