

ENTERPRISE SOCIAL NETWORKS

Knowledge is our competitive advantage

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Guess how many results Google can find for “Knowledge is our competitive advantage”. Did you guess 10,000? If so, you win. If not, you might be surprised by this number. “Knowledge is our competitive advantage” has been a very popular phrase used in business over the last twenty years. I have heard it in several languages. The first time was in Portuguese, in 1993. It came from a director at Shell Portugal. When I first heard it I knew that it was absolutely true. At the time I was a young software architect implementing a system to exchange instant 140-character messages between Shell Portugal points of sale around the country and the head-office in Lisbon. No, no, it wasn’t Twitter or SMS. Email hadn’t become popular. Hotmail appeared five years later in 1998, so you can see that Shell was clearly ahead in sharing information within the company.

Knowledge as a competitive business advantage was a new concept at that time, popularised by Peter Senge’s 1990 bestseller “The Fifth Discipline” and developed by Peter Drucker who provided the foundational ideas of Knowledge Management and argued that knowledge was among the most important economic resources. In 1995 Leif Edvinsson started measuring and valuing this resource: he produced the first annual report supplement on Intellectual Capital for the Swedish Skandia Insurance Company.

The efforts to manage knowledge started at the same time that the concept of “knowledge as an asset” developed. The initial focus was on capturing, saving and sharing explicit knowledge. Many organisations developed big repositories and databases to save and share processes, best practices and lessons learned. The major consulting firms championed this practice. I remember in the late 90’s working on a project at PwC in Buenos Aires. We used information that their consultants had gathered and shared around the world. Discovering this capability really impressed me, and it was an asset to our project.

With the new century, a new perspective began to emerge. Lew Platt's phrase "If only HP knew what it knows it would make three times more profit tomorrow" became popular and marked the start of a new era: The era of the Community Knowledge. The knowledge gurus realised that most of the information was in people's minds instead of databases, so they called this "knowledge embedded within individuals" and started recognising the importance of human motivation in sharing this "material" (the social aspects of knowledge) which made the way toward the concept of Communities of Practice, or "knowledge embedded in communities".

The focus had moved from explicit knowledge (info saved in warehouses) to collective knowledge (dynamic, context dependent and saved in networks). Knowledge Management became more complex but kept developing and helping the move. Newsgroups, mailing lists, web discussion forums/chats and instant messaging services characterised the start of the new millennium.

But something different occurred during these years, suddenly shaking the world: Social Media. In 2002 Friendster.com pioneered virtual communities with three million users. A year later MySpace (which was coded in ten days) took the lead from Friendster and became the most visited site on the Internet in 2006, with one hundred million users. In the meantime Facebook started in 2004, YouTube in 2005 and Twitter in 2006. In 2008 Facebook surpassed MySpace, becoming the king of social media. In coming months it will exceed one billion users.

I confess that I was anti-Facebook for years; I considered it a waste of time. In February 2011 I was invited to give a lecture about intercultural business communication at the South Yorkshire International Trade Forum. The next day, I attended a talk about Facebook given by Barry James, CEO of AngelRevolutions, at the Sheffield Chamber of Commerce. I got upset when Barry contradicted some of my ideas when he explained how people shared their private lives in Facebook. The day before I had been speaking about the reserved stereotype of the British people compared with Latin Americans. His assertions were not only in contradiction to my own experience, but also to well-

known thinkers, such as Fons Trompenaars and Geert Hofstede.

I thought James was exaggerating, and argued with him after the talk. I discovered that he had not been exaggerating at all! Seeing the whole thing again I discovered that culture was rapidly shifting - and the movement is going faster each day. Most people have now jumped onto the Facebook train, and many passengers sometimes get sick due to its sudden accelerations.

I eventually settled my differences with Barry. We are now friends and AngelRevolutions is one of our clients. But where is Facebook taking us? Or a more basic question: what is Facebook? There are really many definitions. One of these definitions states that it is a “Neural Network”, though some people strongly oppose this concept. Without any doubt it is a huge brain, full of knowledge, and the state-of-the-art platform for the science of Knowledge Management.

Facebook is also the flagship of a growing family of communities, or private social networks, that are cropping up all over the world. Many companies realise that when knowledge was their competitive advantage, they have the tool to leverage this knowledge to create real value from it.

Do you remember the phrase “If only HP knew what it knows...”? Nowadays HP knows very well what it knows. They have been one of the pioneers of the new Era of Social Business with their WaterCooler platform. It allows their people to exchange ideas, as in a casual conversation over a coffee break, but much more effectively.

Not only HP, but also some big players such as IBM and Infosys, and a few very efficient open platforms, have entered early into the Era of Social Business.

The so called “Enterprise Social Media” allows businesses to reap enormous benefits. One of the most important is leveraging and sharing up-to-date knowledge and experience, which plays a fundamental role in innovation and increased operational effectiveness. If you are among those CEOs who think “Knowledge is our competitive advantage”, you might already be implementing Enterprise

Social Media in your company, or planning to do so.

As with most new technologies, Enterprise Social Media started out being very exclusive but open source options are having a democratising effect. Despite the current economic situation, many companies are right now investing in the best tool ever designed for managing their competitive advantage: knowledge. We are in the new Era of Social Business and the winners are already moving ahead. Are you? Derek Bok's insightful observation is worth remembering: "If you think education is expensive, try ignorance."