

Knowledge *Management*

>>The original knowledge management publication<<

December 2003/January 2004

Vol 7 Iss 4

Special focus

Knowledge management on trial

Knowledge cultivation

Creating a KM-friendly culture

Steve Denning

The power of storytelling



Bringing storytelling into knowledge management and the corporate world at large is part of Steve Denning's mission. He talks to [Sandra Higgison](#) about the power of stories for communicating change and new ideas, and his thoughts on the development of the knowledge-management concept as a whole.



Steve Denning

Storytelling has represented, since time immemorial, one of the most powerful methods of communicating and conveying important lessons and messages. While growing up we learn from the tortoise's perseverance over the hare's speed and arrogance, and pay heed to the perils faced by the boy that cried wolf once too often. The significance of storytelling beyond our formative years, even though we may not realise it, remains strong. It is only relatively recently that storytelling started to receive due credit in the corporate world as a skill essential to successful leadership. Through his industry-acclaimed book, *The Springboard*, and pioneering work at the World Bank, our protagonist is responsible for shining the light on stories as a tool for addressing some of the most pressing challenges facing companies today.¹

In 1996, Steve Denning was director of the Africa region at the World Bank, a role that covered a third of the institution's operations. Despite his senior position, the death of the bank's president and his boss's unexpected retirement led to somebody else being appointed to Denning's post. He was told to 'look into information', which he didn't exactly consider a promotion. But as with many discoveries and innovations, this apparent career disaster proved to be a defining moment that introduced him to knowledge management and much more.

Denning was quick to recognise the enormous potential knowledge management held for the organisation, not only in terms of internal efficiencies but as a means of countering growing criticism of the bank. "The World Bank's very existence was being called into question; there was even a global campaign to close it down," he explains. "We had to re-create the purpose of the organisation, and knowledge

management seemed to hold a big part of the answer." Over its 50-year life span, the bank had acquired tremendous resources of knowledge and expertise on issues such as economic management, agriculture and education. But this know-how was difficult to access. "By making all of our knowledge easily available to everyone in the world, knowledge management provided a key that could turn us into an interesting, and even exciting, organisation," says Denning.

Transforming the World Bank into a knowledge-sharing institution was not easy. "Initially, the idea was badly received," says Denning. "My colleagues could not see past the fact that we were a lending organisation and that lending paid our salaries." So he tried to convey his idea through charts and definitions, and by explaining how other organisations were using knowledge. But nobody was listening. It was while having lunch with a friend and explaining his ideas that his companion told of a recent event in Zambia that supported Denning's concept of knowledge sharing. It was to become the story that sparked the interest, attention and enthusiasm he had been looking for.

The story was a simple one. In June 1995, a health worker in a tiny village in Zambia logged onto the website of the Centre for Disease Control in Atlanta, Georgia, and found the answer to a question on treating malaria. As Denning says, this was June 1995, not June 2015; this was not the capital of Zambia, this was a tiny village some 600KM away; and Zambia is not a rich country, it is one of the poorest in the world. "I'd tell the story and then ask, 'Do you know what the most important part of this picture is for the World Bank? The World Bank isn't in this picture. The World Bank doesn't have its know-how

organised to share with the millions of people that make decisions about poverty. But just imagine if it did; imagine what an organisation we could become.” The story began to resonate, and on 1 October 1996, the World Bank held its annual meeting; the president, in front of 170 finance ministers, announced that the bank was going to become the ‘knowledge bank’.

As Denning says, the battle was far from won as the president’s enthusiasm was not shared by the rest of the bank. “The next four years were a struggle with confrontations over whether we were really going to implement what had been announced, and if so, what it would look like,” he says. “In each of these battles story became the only way to communicate the idea and remind people why knowledge sharing was so important.” And it worked. Knowledge became fully integrated in the bank’s mission statement, strategy, budget and organisational structure. The World Bank was also benchmarked as one of the world’s most admired knowledge enterprises. “The organisation had never been the most admired anything before,” says Denning. “And when people started to ask what meat we were feeding this beast, I’d reply that the meat was storytelling.”

In December 2000, Denning left the bank and began consulting with organisations about knowledge and the use of storytelling. The area that is of particularly high interest to companies he works with is how storytelling can communicate organisational change. “These days, all organisations have to change,” says Denning. “When they survey the huge shifts under way in the global economy, they can see that if they don’t change they won’t survive. But when they try explaining to managers and staff that everything they know is going to be turned upside down, nobody wants to hear.”

Denning has found that the narrative patterns underlying the Zambia story and others he told at the bank can be learnt and used in whatever business to communicate new ideas and concepts.

These ideas are extended in Denning’s new book, *Squirrel, Inc.: A Fable of Leadership Through Storytelling*, which is due to be published by Jossey-Bass in June 2004. The book gives advice and guidance on the construction and performance of stories in different contexts. It also illustrates the different dimensions where stories can offer solutions. “You need communities of practice in knowledge management? Well, stories can do that,” he says. “You need to share knowledge? Story is one of the principle ways to go about it. You need to lead people into the future, tame the grapevine, transmit values or communicate who you are? These are huge leadership challenges, and stories are among the few usable tools.” It is of little surprise that the book is a story itself. Set in a Raymond Chandler, film-noir environment, Diana is a squirrel, who, on the advice of her bartender, uses storytelling to convey her ideas for organisational change to her company. “Squirrel, Inc. is the bad dream of an organisation that we can probably all relate to. It’s in a rut and can’t seem to get out of it,” says Denning.

Despite claims that knowledge management is dead, for many companies, such as the World Bank, it is the catalyst that hauls them out of this rut. “The idea of knowledge sharing has triumphed,” says Denning. “Studies show that most firms see knowledge as central to their future. It may come under different names, but the idea of sharing knowledge is central to the way a modern organisation functions.” However, when you ask companies if they are succeeding in managing knowledge, a much smaller percentage think they are doing it well.

Denning blames this situation in part on the IT industry that surrounds KM. “Vendors are selling smoke and mirrors,” he says. “They claim that, without resolving central people issues, technology can turn an organisation into a machine in which knowledge flows smoothly and predictably.” He has seen many millions of dollars wasted and describes it as the equivalent to the medieval belief in alchemy. As Denning says, an organisation is partly a matter of structure that can

resemble a machine in the way it functions. However, there is another part that comprises people with purposes, feelings, hopes, dreams and fears that cannot be treated as a machine. “An organisation is living and dynamic,” says Denning. “You can’t solve the knowledge problem with technology alone. If you neglect the people issues you fail.”

Another problem Denning stresses is the amount of ‘churn’ he hears in discussions on knowledge-related work. Indeed, he believes that if you had read Etienne Wenger, Larry Prusak, Tom Stewart and material from APQC in 1998, fallen asleep and woken up today you would think little had changed: “It’s the same soup, new bowl, or even same soup, same bowl.” Denning notices this in particular on the supply side of knowledge management. “Companies and consultants are trying to push new ways of delivering knowledge, but the reality is that there’s not much new here. The supply side was basically laid out by 1998,” he says. “Occasionally there’s something different, such as Dave Snowden’s work with narratives to capture knowledge or Larry Prusak’s research on knowledge mapping.”

The bigger problem, however, lies on the demand side of knowledge. “When you look at organisations that that have gone bankrupt, none of these have failed from a lack of access to good knowledge,” he says. “In his book, Sydney Finkelstein details many such instances.² In all of the cases you see that knowledge was staring management in the face, but they were blind to what was right in front of them.” The need to enhance the demand for knowledge is the critical issue for knowledge management today. “Motorola, for example, invented much of the digital technology for mobile phones in the early 1990s and even patented it,” he says. “But as it was so successful with analogue solutions, it licensed its digital technology to a little company in Finland called Nokia. By the time Motorola realised that digital was the way to go, it was way behind, and is still trying to catch up today. The supply of knowledge Motorola needed to dominate digital-mobile technology was there but, as there was no demand, it wasn’t used.”

Some solutions for addressing this lack of demand for existing knowledge require a structural approach that involves, for example, setting up autonomous organisations for implementing change³ or funding innovation marketplaces⁴. But Denning is sceptical about these methods if presented as the total solution, because eventually the organisation as a whole has to be persuaded to adopt the new ideas. “The more successful the disruptive idea is, the bigger the threat it will be to the existing organisation and the greater the likelihood that it will be crushed,” he says. “None of these structural gadgets can solve the underlying problem. In the end, you have to find a way to communicate strange new ideas and get people to accept fundamentally different ways of doing things. This is where storytelling works.”

In Denning’s eyes, the challenges facing knowledge management are understandable but the future looks positive. “Churn will be recognised as churn and people will move on to the real issues, such as the demand side of knowledge,” he says. “Even though the label ‘knowledge management’ has a limited life expectancy and the IT side needs scaling back, people will eventually wake up and see these issues for what they are. In many senses, I agree with Davenport and Prusak in their book, *What’s the Big Idea?*; the substance of knowledge management has already triumphed.”⁵ ■

References

1. Denning, S., *The Springboard: How Storytelling Ignites Action in Knowledge-era Organizations* (Butterworth-Heinemann, 2000)
2. Finkelstein, S., *Why Smart Executives Fail: What You Can Learn from their Mistakes* (Portfolio, 2003)
3. Christensen, C.M. & Raynor, M.E., *The Innovator’s Solution* (Harvard Business School Press, 2003)
4. Hamel, G. & Valikangas, L., ‘The quest for resilience’ in *Harvard Business Review* (Harvard Business School Publishing, September 2003)
5. Davenport, T.H., Prusak, L. & Wilson, J., *What’s the Big Idea?: Creating and Capitalizing on the Best Management Thinking* (Harvard Business School Press, 2003)