

Knowledge Sharing as an Enabler of Virtual Business¹

John Girard¹, Cindy Gordon² and JoAnn Girard³

¹Minot State University, Minot, USA

²Helix Commerce, Toronto, Canada

³Sagology, Minot, USA

john@johngirard.net

cindy@helixcommerce.com

joann@sagology.com

Abstract: During his keynote address at 3rd European Conference on Intellectual Capital held at University of Nicosia, Cyprus, 18-19 April 2011, John Girard posed the question, Are You Ready for the Future? This rather rhetorical question was designed to create a conversation about what we should expect in the future in terms of social technology, leadership and a culture of collaboration. Throughout the conference, an excellent dialogue ensued about what the future might hold. The central focus of this discourse surrounded how collaboration could or should change in the future. The genesis of the keynote was the research completed by John Girard, Cindy Gordon, JoAnn Girard for their recent book *Business Goes Virtual: Realizing the Value of Collaboration, Social and Virtual Strategies*. This article is adapted from the book and focuses on why business leaders should consider focussing on collaboration.

Keywords: collaboration, knowledge management, virtual business

1. Introduction

As business leaders look to the future, especially in troubling economic times, many are considering how to remain competitive in an era of scarce resources. For most, capital projects are constrained and the idea of growing the workforce is a distant dream. So what can business leaders do about this? Some savvy leaders are recognizing the potential of virtual business and more specifically many are implementing a virtual business strategy to build a sustainable competitive advantage.

Despite several false starts, the concept of virtual business is finally coming to fruition. A melding of four critical enablers drives this new reality: social technology, visionary leadership, an increasing recognition of the value of a collaboration culture, plus immersive and virtual worlds. This so-called TLC+V (technology, leadership, collaboration, and the virtual) of virtual business has suddenly combined to create exciting and uncharted business opportunities waiting to be harnessed. Fortunately, some pioneering leaders have blazed the path and demonstrated the untapped potential of this new domain.

Many definitions exist for the term “virtual business” and although we do not want to engage in a lengthy discussion of which is best, we do believe we should explain what we mean by the term. From our study of businesses in the domain, we define the term as follows: A virtual business provides innovative solutions to new and traditional business challenges by exploiting social technology, leadership, and collaboration in both the real and virtual worlds.

In our book *Business Goes Virtual*, we examined four virtual business strategies that are showing unprecedented opportunity. The “any place, any time” strategy focuses on providing high quality service 24/7 by ignoring traditional geographic challenges. The “people know best” strategy harnesses the power of everyday people to create value. The “everyone has a stake” strategy considers the stakeholder view of the organization and guides leaders in tapping this vast store of wisdom. Finally, the “real in the virtual world” strategy offers incredible opportunity for real businesses to sell their wares in the virtual world.

As with all innovative strategies, some potential pitfalls will demand the attention of virtual business leaders. The first of which is developing a social media policy that enables creation of a collaborative culture, while guarding corporate intellectual capital—this is often a difficult balancing act. Equally important and just as challenging is the difficult issue of not succumbing to the forces we plan to tap. Social technology is a double-edged sword and an angry consumer group can quickly become a

¹ The article is adapted from, and used with permission, Girard, J.P., Gordon, C., & Girard, J.L. (2011). *Business Goes Virtual: Realizing the Value of Collaboration, Social and Virtual Strategies*. New York: Business Expert Press.

ISSN 1479-4411

181

©Academic Publishing International Ltd

Reference this paper as: Girard, J., Gordon, C. and Girard, J. “Knowledge Sharing as an Enabler of Virtual Business” *The Electronic Journal of Knowledge Management* Volume 9 Issue 3 (pp181-187), available online at www.ejkm.com

network army with incredible power: witness the Twitter Moms who took on a large corporation and won.

As the first decade of the 21st century drew to a close, many observers reflected on the revolution that had transformed the way people connect, communicate, and collaborate. Executives, students, and soccer moms are equally connected virtually everywhere they go. But why is this of concern to us? The new reality is that all these people are able to use this omnipresent connection to perform business functions that once required a physical presence. The separation between work, family, and life is simply one endless stream of “connectedness”. Although there is some question as to whether we witnessed a true revolution, there is no question that a convergence of ubiquitous communication networks, low-cost appliances, exponential web-based content growth, and a cultural shift toward sharing know-how has created an always-on, always-connected, always-sharing environment. Today many of us assume that no matter where we are, we should be able to connect immediately to our cyber security blanket.

Technology has certainly played a big role in this revolution. Almost certainly, the single largest cultural-technological innovation of the 21st century was social networking, which help people connect with other people to collaborate and share. Some are designed for connecting friends and family, while others facilitate professional connections. Without question, social technology is changing the business environment and enabling the power of virtual business. Of course there will be changes and some of the tools and techniques will become obsolete over time; however, the underlying power of connecting people will remain.

Clearly, technology is a key enabler, but technology alone is not enough to sustain the revolution. Technology certainly fuelled the growth and provided some heretofore unimaginable opportunities, but it is only part of the puzzle. Perhaps the most important sentence in our introduction was the following: there is no question that a convergence of ubiquitous communication networks, low-cost appliances, exponential web-based content growth, and **a cultural shift toward 24/7 sharing** has created an always-on, and always-connected environment. We believe the emphasized text; the idea of a cultural shift is absolutely key to the success of virtual business.

2. A generation (or two) of hoarders

During World War II, the United States launched a very successful campaign titled “loose lips sink ships.” The premise of the campaign was to remind U.S. servicemen and women, especially those serving in England awaiting the D-day invasion, that they must not share anything that might allow the enemy to learn of the Allies’ war plans. Well, it seems that sixty years later this culture of “need to know” is alive and well in many organizations. Perhaps the adage of today should be “tight lips, business slips” because we believe that failure to share frequently results in lost opportunities.

To illustrate the point, here is a short story that we included in *A Leader’s Guide to Knowledge Management* (Girard and Girard, 2009). The story is loosely based on a real company, but given we embellished a few parts to make our point; we must declare it is a fictional company. Let us call it IQ.

IQ is a well-known brand that for many years operated with a divisional organization structure. Once a year, each of the divisional vice presidents was afforded the opportunity to brief the board of directors on their plans for the future. This rare occasion was seen to be a time when senior executives could describe the next big thing that would provide IQ with a competitive advantage.

One year, the printer division’s vice president was extremely excited about his time with the board. He was sure the directors would agree that his new idea, a printer that could also scan, would be a history-making innovative product, a must-have for many small businesses. The R&D arm of the printer division had been working secretly on the project for some time. After investing considerable resources, their prototype was ready to be showcased to the board. They were very proud of their clandestine operation; it was quite a coup that none of the technology press had picked up on their work.

Finally, the big day arrived. The vice president was waiting patiently in the anteroom reviewing his presentation. Suddenly, an unprecedented level of applause from inside the boardroom interrupted his thoughts. Shortly afterward the vice president of the scanner division emerged, smiling, and clearly happy with her performance in the room. The printer executive politely asked his colleague why the board erupted into applause.

After a short pause, she replied, "I just showed the board our prototype for the next big thing...a scanner that can also print." Needless to say, the printer executive was no longer excited about briefing the board.

The moral of the story is that a "need to know" culture, which is commonplace in many technology companies, does not facilitate knowledge sharing. Here is a case where senior executives did not share, let alone collaborate on the project. Imagine if the two divisions shared resources and knowledge to design the printer scanner. Regrettably, many organizations fall victim to this organizational malady because they do not foster a collaborative environment with a need to share philosophy.

Of course we are not recommending that organizational leaders haphazardly tell the competition everything, nor are we encouraging employees to deliberately sabotage companies by releasing critical information. However, somewhere between "need to know" and "give everything to WikiLeaks" there is an organizational culture that encourages and rewards responsible sharing.

3. Hoarders meet the sharers

Many people would agree that the "need to know" philosophy is a common trait of the so-called Baby Boomer Generation, those born between about 1946 and 1964. Well, if the Baby Boomers are the need to know generation, then it might be said that the Millennial Generation, those born between about 1980 and 2000, might be the need to share generation. This is the generation that grew up digital, hardwired to everything; in other words, they are the group of children who had access to technology at a very young age. We are not generally huge fans of the labels that are attached to various age groups because these labels are loaded with assumptions. For example, when we generalize by saying the millennials grew up digital, that ignores the fact that many millennials grew up in homes where technology was considered a luxury and not universally available—often referred to as the digital divide.

Understanding that we must be careful not to generalize, it is true to say that many of the millennials did grow up digital and many have adopted a culture where they openly share. Frequently, we hear educators, parents, and other stakeholders comment that the youth of today share too much and that they will regret their openness in the future. We have all heard stories of high school students sharing pictures or stories on social media sites that are inappropriate and have career implications downstream or moments of embarrassment that cannot be erased from the permanent web. We are not necessarily convinced this inappropriate sharing is unique to the millennials, as we have often read of much more "mature" people falling into the same trap. The difference might be that for the millennials sharing is a natural trait, whereas for the others it might be a learned trait.

By far the most watched phenomenon of the 21st century surrounds the power of everyday people. Executives across the board seem surprised by the sudden, and sometimes unwanted, knowledge and resultant power of the people. In their book *Groundswell: Winning in a World Transformed by Social Technologies*, Forrester analysts Charlene Li and Josh Bernoff (2010, p. 9) describe part of this phenomenon as a groundswell, which they define as "a social trend in which people use technologies to get the things they need from each other, rather than from traditional institutions like corporations."

The power behind the groundswell concept is that suddenly everyday people have unparalleled power, especially people that gather together and create communities (see <http://www.forrester.com/groundswell>). But what has changed to empower these communities with such power? Surely groups of passionate people have long yearned for the opportunity to influence or perhaps even hijack issues. Of course, there have been many times in history when large groups congregated to spark change. However, the logistics with massing large groups can be very cumbersome, expensive, and difficult to communicate.

Enter Web 2.0—a World Wide Web based on collaboration rather than content—and suddenly all these obstacles evaporate, at least for virtual groups. In their book *Wikinomics: How Mass Collaboration Changes Everything*, authors Dan Tapscott and Anthony Williams (2006) describe how a low-cost collaborative infrastructure is empowering the many—they term these "the weapons of mass collaboration." Tapscott and Williams warn that these weapons support a new level of collaboration that will turn the economy upside down and may well facilitate the destruction of organizations who fail to adjust.

Li and Bernoff developed a model they titled Forrester's Social Technographics to categorize consumers based on their social computing habits. They use a ladder analogy with six rungs, which correlates to the six levels of social computing:

- Creators make social content go. They write or upload video, music, or text.
- Critics respond to content from other. They post reviews, comment on blogs, participate in forums, and edit wiki articles.
- Collectors organize content for themselves or others using RSS feeds, tags, and voting sites like Digg.com.
- Joiners connect in social networks like MySpace and Facebook.
- Spectators consume social content including blogs, user-generated video, podcasts, forums, or reviews.
- Inactives neither create nor consume social content of any kind.

The task facing organization leaders is to find a way to capture the imagination of those in the groundswell, hopefully in a positive way. To achieve this goal, leaders should promote opportunities to engage their end users, a task that is easy to write about but often difficult to implement.

There is research that supports that different age groups share at different levels. Returning to the Forrester research that resulted in groundswell, we can see some compelling evidence. For example, using the creator category of the Social Technographic ladder as an example, we see a distinct difference by age. Based on Forrester's most recent research that was conducted in early 2010 and included 26,913 respondents, we learned that different age groups of creators share more frequently. Recall that creators are those adult Internet users who write or upload video, music, or text, in other words share what they know. Below is a breakdown by age group and the percentage of each age group that create content (share):

- 46% of 18–24 year olds create and share content
- 32% of 25–34 year olds create and share content
- 23% of 35–44 year olds create and share content
- 19% of 45–54 year olds create and share content
- 12% of those 55 or older create and share content

Perhaps the time is right to stop the debate on the merits of sharing and instead harness the power of the desire to share. Is there a way that your organization can benefit from the desire of the younger people to share what they know? Is there a way that you can develop cross-generational teams that combine the sharing talents of the 18–24-year-olds with the vast organizational knowledge of the 55 and older group? Explore how to infuse the uniqueness of each generation into a corporate culture that embraces collaboration and knowledge sharing leveraging as the preferred working styles, as not everyone will want to use solutions like Yammer for microblogging or wikis for shared document co-creation.

Let's also not forget the importance of real authentic voice-to-voice conversations and the art of effective discourse or dialogue. Dialogue is essential online or offline to solve the large problems of a multicultural or global society. Finding a way that allows humans to talk, think, and act together makes it possible to talk across our differences and invent new directions. To have successful collaboration outcomes, dialogue is a key competency that cannot be overlooked.

Dr. William Isaacs (2008) is the pioneer in this area. Effective dialogue is often the missing link that frees people to take a quantum leap in vision and action," he says. "If everybody got the idea that there's a different way to talk and think together, the seed of a very new kind of interaction could begin to sprout." Isaacs, who in 1990 cofounded MIT's Organizational Learning Center, is now a lecturer at the Sloan School of Management and is director of the Institute's Dialogue Project. People who think and talk together effectively possess the following qualities:

- Listening. We must listen not only to others but to ourselves, dropping our assumptions, resistance and reactions.
- Respecting. We must allow rather than try to change people with a different viewpoint.

- Suspending. We must suspend our opinions, step back, change direction, and see with new eyes.
- Voicing. We must speak our own voice. Find our own authority, giving up the need to dominate.

One of the key factors we need to ensure we appreciate as we undergo this social 24/7 connected transition is to understand that the Internet may also be an attempt of our isolated culture to somehow return to community values. People seem to imagine that if we are digitally connected, then we would all be in touch, and the great malaise of the age—the isolation and disconnection many of us feel—would be allayed. But so far, the digital revolution is giving us connection but not necessarily human contact with its richest senses of touch. As the future unfolds and simulated touch and smell is integrated into the networks and web experiences, it will be more difficult for us to tell what is real or artificial.

We can send more information to each other via social networking solutions, but we are not necessarily any more capable of sharing understanding, insight, wisdom, or our hearts. Learning to talk and think together in honest and effective ways is an essential element to true human connectedness. Let's ensure as the communication means evolve, we also not forget what it is to be uniquely human.

4. Why is collaboration important?

Collaboration is the act of people working together to reach a common goal. It also involves getting the right information to the right people at the right time to make the right decision. This sounds so simple—but collaboration is so much more than well-informed and speedy decisions to help organizations get work done.

Collaboration is the fundamental DNA or essence in the way that people in an organization function together to achieve a mutually desired outcome. This chapter defines collaboration and provides leading practices to demonstrate the value of collaboration in supporting an organization's growth. Collaboration, value networks, social networks, and open-source innovation (often called crowd-sourcing) approaches to business virtualization are top of mind with global leaders who understand that a new world order is rapidly evolving.

This new collaborative and more connected world is more adaptive, more agile, more fluid, more virtual, and finally, more collaborative and quite frankly more refreshing, fun, and inspiring. Just look at the energy of Gen X and Y in how they approach their day-to-day work practices. This precious energy needs to be harnessed to unleash further our human potential and also prepare for the Generation Virtuals growing up with 3D virtual avatars and animated worlds to make way for the entertainment social experiences overlaying all business processes. Just think of how much more enjoyable working in an SAP order entry system would be if the employees were connected to each other and be able to enjoy peer-to-peer problem solving support creating conversations in real time.

There is no question that collaborative business models are reaching deep into business model design logic and challenging our assumptions related to governance, strategy, organizational design, leadership, people practices, process, culture (core values and rituals), technology, and our performance measurement systems.

In order to understand the significance of collaboration, it is helpful to go back to the beginning. The first generation of business collaboration tools began with a focus on documents that were created and shared by individuals who used one device: primarily the personal computer. Information resided safely within the walls of the enterprise, and personal productivity over time improved. Collaboration shifted the focus from documents and personal computers to a more mobile and virtual model where people collaborated in social web-based sessions, defining the new fundamental unit of collaborative work, in which groups of individuals interact across company and geographic boundaries.

The goal of virtual collaboration is to create the experience of presence with the absence of being face to face, hence creating a virtualized experience. This new collaborative experience helps us cope with information overload by delivering only what we need, just when we need it. We can find experts in an instant and participate in social online conversation, using diverse social and virtual toolkits from a variety of devices, like blogs, videos, wikis, social networks, team spaces, and conferences. Fortunately, due to advanced security and policy management, we can also engage diverse stakeholders, including partners, customers, and suppliers in our one-to-many

communications. Collaborative conversations on the web form a new fundamental unit of collaborative work. The goal of a virtual collaborative conversation is to create the effect of presence within the absence of face-to-face (live) connections.

As suggested in *Winning at Collaboration Commerce: The Next Competitive Advantage*, it was very clear that collaboration is a participatory process leveraging social capital know-how that is also built upon strong cultural value foundations based on trust, reciprocity, networks, and risk-taking models. With global market dynamics stressing customer solutions that are real-time, agile, adaptive, and Internet accessible, the customer experience value chain is under a collaborative design rethink. Already attracting, developing and retaining Gen X and Gen Y talent pools is a challenge; creating virtual businesses is a key success factor to drive a sustaining growth future.

For the first time in the history of academics and business leaders at the top of their game, we are seeing more aligned wisdom that collaboration is a fundamentally higher order of leading, thinking, and behaving; it is challenging old rigid views as we emerge to a more human organizational experience leveraging networked, virtual, social collaboration, and modernized design experiences that connect the mind, heart, and spirit to achieve higher productivity performance levels.

Effective collaboration can improve many aspects of an organization's performance, whether it is an increase in innovation capacity, increased time to market by streamlining the product-development process, taking time out of the sales cycle, or reducing customer wait time in call centers, using instant messaging (IM) to find the person who can respond to an opportunity immediately, or avoiding travel costs due to unified and ubiquitous telepresence capabilities, there is sufficient evidence that hardwiring your organization to achieve collaboration and virtualization practices is critical for long-term growth and survivability.

When you implement more efficient processes, achieve faster time to market, and reduce cycle times, you extract more value from your collaboration investment. If you can identify opportunities to shorten the time needed to make critical decisions, there is no better place to invest than in smarter, more collaborative, and more virtualized capabilities.

These good points all aside, the practical reality is that many executives still say, we get that this collaboration stuff is important, but how do we infuse it in our day-to-day management and operational practices so it really sticks? In other words, where is the evidence that investing in collaborative practices and next generation technology solutions really makes a difference to the bottom line?

Perhaps the measure of success is recognizing that we are human beings, and once our basic needs for safety and shelter are satisfied, humans thrive on having a sense of belonging. They develop a sense of connectedness and knowing their ideas are valued and respected. They are motivated to achieve higher levels of productivity, and hence they are more open to collaborate and work together to develop and deliver stronger products and services to their customers or stakeholders.

This sounds logical, and intuitively we know that this is right; however, we still like to overlay productivity return on investment (ROI) efficiency evidence. Cost savings is one traditional ROI predictor that executives still like to see in validating business value. ROI has long frustrated collaboration solution providers because of the difficulty in quantifying "soft" benefits such as corporate or brand reputation or employee satisfaction. Yet the corollary evidence is that investments in human capital (talent), creating a more balanced and fulfilling work environment increases customer satisfaction and also impacts growth levels. Simply happier people give more and execute more effectively. Studies such as Frederick Reichheld's *The Loyalty Effect* (1996) and James Heskett, W. Early Sasser, and Leonard Schlesinger's *The Service Profit Chain* (1997) produced the first sets of hard data quantifying these links. These collective studies conclude that there are direct and quantifiable links between customer service variables (such as satisfaction and loyalty), employee variables (such as satisfaction, enthusiasm, loyalty, commitment, capability, and internal service quality), and financial results. A Watson Wyatt worldwide study in 2001 also found that the practice of maintaining a collegial, flexible workplace is associated with the second-largest increase in shareholder value (9%), suggesting that employee satisfaction is directly related to financial gain. One of the well-researched studies was Koys' 2001 study published in *Personnel Psychology* that examined whether positive employee behaviours and attitudes influence business outcomes or if the

opposite, that positive business outcomes influence employee behaviour, is true. That study's findings include:

- The study broke down employee attitudes and satisfaction into five measurable employee behaviours: conscientiousness, altruism, civic virtue, sportsmanship, and courtesy.
- The study measured participants in the five categories, reviewed turnover rates within the participant population, and compared this data with the organizations' financial performance for the following year.
- Findings also supported the idea that employee satisfaction, behaviour, and turnover predict the following year's profitability, and that these aspects have an even stronger correlation with customer satisfaction.

5. Conclusion

The omnipresent connection that is becoming commonplace in the 21st Century provides an opportunity for business leaders to create value in ways that simply were not possible only a decade ago. Today we are witnessing tremendous growth in virtual businesses, most of which are applying one of four key strategies. The "any place, any time" strategy focuses on providing high quality service 24/7 by ignoring traditional geographic challenges. The "people know best" strategy harnesses the power of everyday people to create value. The "everyone has a stake" strategy considers the stakeholder view of the organization and guides leaders in tapping this vast store of wisdom. Finally, the "real in the virtual world" strategy offers incredible opportunity for real businesses to sell their wares in the virtual world.

The success of most virtual business is the result of four critical enablers coming together in the right balance: social technology, visionary leadership, collaboration culture, plus virtual worlds. This so-called TLC+V (technology, leadership, collaboration, and the virtual) of virtual business has suddenly combined to create exciting and uncharted business opportunities waiting to be harnessed. Some refer to this new discordant environment as "weapons of mass collaboration." This new collaborative and more connected world is more adaptive, more agile, more fluid, more virtual, and finally, more collaborative and quite frankly more refreshing, fun, and inspiring.

As former CEO of GE, Jack Welch has said, "*Companies measure links between employee satisfaction and customer satisfaction and productivity by conducting employee surveys. Any company trying to compete...must figure out a way to engage the mind of nearly every employee.*"

References

- Bernoff, J. (2008). Social Technographics Defined. Retrieved December 18, 2009, from Forrester: <http://www.forrester.com/Groundswell/ladder.html>
- Collins, H., Gordon, C., & Terra, J. Winning at Collaboration Commerce: The Next Competitive Advantage. Butterworth-Heinemann.
- Forrester. (2010). What's The Social Technographics Profile Of Your Customers? Retrieved December 22, 2010, from Forrester: http://www.forrester.com/empowered/tool_consumer.html
- Frost & Sullivan. (2009). Referenced in Research noted in: *Cisco: The Return on Collaboration: Assessing the Value of Today's Collaboration Solutions*. http://www.cisco.com/en/.../c11-597613-00_return_collab_wp.pdf
- Girard, J.P. & Girard, J.L. (2009). A Leader's Guide to Knowledge Management: Drawing on the Past to Enhance Future Performance. New York: Business Expert Press.
- Girard, J.P., Gordon, C., & Girard, J.L. (2011). Business Goes Virtual: Realizing the Value of Collaboration, Social and Virtual Strategies. New York: Business Expert Press.
- Heskett, J., Sasser, E., & Schlesinger, L. (1997). The Service Profit Chain. Boston: Harvard Business Press.
- Isaacs, W. (2008). Dialogue: The Art Of Thinking Together. New York: Crown Business Publishing.
- Koys, D. (2001). "The effects of employee satisfaction, organizational citizenship behavior, and turnover on organizational effectiveness: A unit-level, longitudinal study". *Journal of Personal Psychology*.
- Li, C., & Bernoff, J. (2008a). Groundswell: Winning in a World Transformed by Social Technologies. Boston: Harvard Business Press.
- Reichheld, F. (1996). The Loyalty Effect. Boston: Harvard Business School Press.
- Tapscott, D., & Williams, A. D. (2006). Wikinomics: How Mass Collaboration Changes Everything. New York: Portfolio.
- Watson Wyatt (2001). Study Identifies Certain HR Practices as Leading Indicators of Financial Success. Retrieved from <http://www.watsonwyatt.com/render.asp?catid=1&id=9047>
- Weise, C. (2010). The return on collaboration: Assessing the value of today's collaboration. Retrieved from Cisco: http://www.cisco.com/en/US/solutions/collateral/ns340/ns856/ns870/c11-597613-00_return_collab_wp.pdf