

## **The Future of Knowledge**

### **Laurence Prusak – Researcher, Consultant, and Founder and Executive Director of the Institute for Knowledge Management (IKM)**

By: Noreen Kelly

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Larry Prusak, one of KM's most eminent thinkers and leaders, challenged the audience at APQC's 13<sup>th</sup> annual KM conference with a thought-provoking keynote address on the future of knowledge. In her introduction to Prusak's remarks, APQC President Carla O'Dell commented that *Working Knowledge* by Thomas H. Davenport and Laurence Prusak (1977) is one of the greatest books ever published on knowledge management. *The Future of Knowledge* is Prusak's latest book.

Prusak's outstanding presentation challenged both established thinking on KM and emerging trends. He started off his presentation by stating that it is worthwhile to look at trends and ask, "Is this where the world is going?"

#### **The Monopoly on Useful Knowledge Is Over**

After stating that KM won't be around much longer, Prusak proceeded to talk about two major occurrences that contribute to this theory. The first is what he perceives as the end of the West's stranglehold on useful knowledge. For the last 400 years, certain civilizations—such as the United States, Japan, and the countries of Western Europe—have had a monopoly on useful knowledge, which allowed them to dominate the world. Prusak said emphatically, "It's over." He went on to assert that this is the biggest event in our lifetime. "This is a wildly different world, which we have never seen before."

Prusak pointed out that there is too much to know these days: "It's more difficult to be knowledgeable about a subject. It's harder to know things." At the same time, the cost of accessing information has dramatically decreased (e.g., Google searching vs. information research). The big story is that access to information has expanded while the transactional costs associated with information have fallen, resulting in an increase in the value of true knowledge. "There is value in applying meaning and understanding," Prusak said. "Knowledge is valuable because it takes time to get it."

To emphasize his point about the relative value of knowledge, Prusak posed the following questions to the conference attendees: "If information is the same as knowledge, why are you here? Why are the planes full?" He continued, "Information is free, ubiquitous, and transparent. It takes time, effort, and money to acquire knowledge. There are no shortcuts."

Prusak stated that 60 percent to 70 percent of current non-capital expenditures are related to knowledge, and knowledge expenditures are growing worldwide.

#### **A Shift toward Democratization of Knowledge**

According to Prusak, organizations will look different in the future, and only 15 to 20 percent of the organizations existing today will survive the coming changes. He argued that small to medium firms are better at using knowledge. Prusak also commented on the demise of 19<sup>th</sup>-century ideals and models based on command, control, and fear (e.g., the Army and the Catholic Church), asserting that rigid hierarchies and command/control structures won't be given up easily.



The question is, “How will organizations look, and how do we organize ourselves to better work with knowledge?” Prusak said, “We need to develop, exploit, and sell access to knowledge.”

According to Prusak, “Knowledge is a different economic thing than land, labor, and capital. Knowledge is intangible, not depleted when you share it, and not known by the organization. Therefore, organizations will have to look differently. You can't measure knowledge. You can measure outputs, as in communities of practice, but you can't open up people's heads.”

After explaining the unique nature of knowledge, Prusak's next question was, “What would an organization look like if it took knowledge seriously?”

With the current democratization of knowledge, Prusak challenged the emerging trends and tools of social computing. Given that time and attention are our scarcest resources, he asked, “Is everyone worth listening to?” He continued by questioning whether there is a natural mechanism that would ensure that better ideas rise to the top in social computing environments—and how this selection process might compare with traditional forms of cognitive authority. He pointed out that the *New York Times*, for example, did not report on the Holocaust, John F. Kennedy's womanizing, or Franklin Delano Roosevelt's wheelchair disability. If you compare bloggers to investigative reporters, you end up wondering: How do bloggers know anything?

Another question that Prusak raised was, “Is it worth talking to everybody about everything?” He pointed out that we need mediated communication and edited wikis. According to Prusak, connecting everyone to everything won't transform organizations and won't increase performance. Instead, we need to devise a better model for using knowledge in a structured and intelligent way.

“Organizations are less democratic—consider that a CEO's salary is 400 times that of the average worker,” Prusak noted. “In terms of power distribution, people do not give up power naturally ... For organizations to become flatter, some organizations from countries outside the U.S. without command and control structures will put pressure on U.S. companies,” he added.

The pursuit of “meta-knowledge” and “meta-cognition” (i.e., knowledge about knowledge) is critical. Prusak quoted Joe Stiglitz, who won the Nobel Prize for Economics in 2001, saying, “The only sustainable source of advantage is the global search for new ideas.” According to Prusak, “What's needed are processes, rewards and incentives ... An organization should value and promote people who think and promote new ideas.” He went on to lament, “We've lost this in the U.S.”

“We also need time to read and reflect,” Prusak commented. “Knowledge takes time and money, and companies who say, 'We're too busy to think' will die.”

Prusak shared that Novartis, a pharmaceutical firm, is re-architecting their buildings based on “knowledge principles.” For example, the company's use of couches and Italian coffee stations are symbols of people interaction.

### **The Growing “De-physicalization” of Knowledge**

Prusak asked the question, “Is knowledge knowledge without a person?” He further challenged the audience by stating that virtual collaboration cannot replace in-person interaction. “What you know is dependant on where you are,” Prusak stated. “Why don't people go to virtual churches?”

Prusak offered another challenging viewpoint when he stated emphatically, “If you're working at home, you're nowhere.” Without the benefit of face-to-face context, virtual workers lose 90 percent of the communication—as well as the passion and excitement—of discussion. According to Prusak's theories, this means that they will have limited advancement opportunities within their organizations.



*Adapted from Laurence Prusak's presentation, "The Future of Knowledge," delivered at APQC's 13<sup>th</sup> annual KM conference, "The New Edge in KM," April 28–May 2, 2008.*

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