

INFORMATION HIGHWAYS



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Dr. Nick Bontis
World class thinker

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UpClose: Dr. Nick Bontis

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by Susanne Hasulo

To describe Nick Bontis as energetic is an understatement. Whether he's bouncing a ball around on the soccer pitch or bouncing thought-provoking ideas off an audience, his animated enthusiasm and engaging style makes you want to follow his every move. Soccer may be one of his great passions (he plays semi-professionally), but these days it's his passion for his work that has people flocking to hear what he has to say.

At the young age of 33, Bontis has achieved guru status in the fields of intellectual capital, knowledge management and organizational learning. He's one of the first people in the world to have completed a Ph.D. in this area. As an assistant professor of strategic management at the Michael G. DeGroote School of Business at McMaster University, Bontis has helped to build the school's reputation as a leader in knowledge management education with last year's launch of Canada's first MBA minor program in KM. He's also the director of the Institute for Intellectual Capital Research, a strategic management consulting firm and research thinktank that develops KM diagnostic tools for government and corporate clients.

Bontis keeps his academic research current and relevant by maintaining close ties to the business world. He's the CKO of Knexa.com Enterprises, and is on the advisory board of several organizations, including BrassRing, an IT and healthcare recruiting firm.

Bontis's work and reputation has also caught the attention of the United Nations, which recently selected him to be the chief researcher for the UN's new National Intellectual Capital Development Program. His research in the areas of knowledge flow and intellectual capital has been published in several journals. He's also gained a reputation as a dynamic lecturer who not only explains in an easy-to-understand manner what KM initiatives can do for one's organization, but makes the notion of implementing them doable and fun.

Information Highways: What led to your interest in intellectual capital?

Nick Bontis: A lot of it has to do with my development at the Ivey Business School at the University of Western Ontario. That afforded me the opportunity to meet a wide range of senior business officers across Canada. When I graduated I was personally recruited by the CEO and president of CIBC Securities and brought in to do some development work for CIBC's mutual funds. The first thing that I noticed studying all these companies and their stock prices was there seemed to be a gap between the market value, which was much higher, and the book value. I never understood what the explanation of that gap was. That's really what set me off, to try to understand what was in that gap.

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At the same time, in June 1991, I'll never forget it — the cover story of Fortune magazine. Tom Stewart writes an article about intellectual capital being the most important asset of an organization. I thought to myself, this intellectual capital is very interesting. I decided to go back and do my Ph.D. in this field. That's a very risky thing to do, because you don't tend to do doctorates in fields that are brand new.

IH: What was it like to pursue a Ph.D. in a new field?

NB: It was difficult because there weren't that many case companies. I had worked for one of



the so-called leaders, CIBC. Other companies were starting to develop their own frameworks and tools in the field of IC, but there were no books that had been published. Knowledge management as a term hadn't even been used in the popular press yet. It was only after the Internet took off in 1995 that I started to involve myself with other people around the world who were doing this type of research.

I leveraged off a field of research called organizational learning. It's closely related to KM and IC, but it had an academic legacy of 30 years. After I worked on my dissertation, the big challenge became what do I do — stay in academia or join the business world? There had been a tremendous number of people at that point, especially in the U.S., who had recruited me heavily. But my Ph.D. advisor said that I would generate more happiness in my life staying an academic.

In all the interviews with U.S. and Canadian schools I was getting, "I've never heard of this IC/KM field." Then in 1996, McMaster University hosts this event called the World Congress on Intellectual Capital. I think to myself, this is so odd; how can an international event in my field be just down the highway from me? So I submitted a paper and presented my research. There was a gentleman in the audience by the name of Christopher Bart, who is now my mentor here at McMaster. Professor Bart also realized this burgeoning new field called IC. I've been at McMaster since 1998 and I'm very happy to be here. The school has supported my research tremendously.

IH: Describe how Knexa's product motivates users to share knowledge.

NB: Knexa is a knowledge exchange and auction solutions provider. Basically what the company does is help accelerate knowledge flow in an organization.

From an academic's perspective I know what the bottlenecks to knowledge flow are in an organization. One of them, from a technology perspective, is that people are lazy — they don't want to go into a software tool and dump what they know into a database. It takes too much effort. The reason, quite simply, is because I can speak to you now at 150 words a minute. To go into a software tool, I can only codify at 50 words a minute. It's too evasive, it takes too much effort. I can get three times the throughput rate just by talking to you.

One of the things we've developed are what's known as IntraKnexa wallets for every employee. It's an electronic wallet where you collect ICUs — intellectual capital units. They're like electronic tokens. The term ICU also has a psychological connotation — "I see you." Therefore, not only do I recognize but I appreciate the knowledge you possess. Every

time you exhibit a knowledge sharing behaviour, you get tokens in your wallet. If I send you a PowerPoint presentation, I can either exchange it with you or I can auction it off to you. I get tokens in my wallet. At the end of the fiscal period, you redeem them, just like Air Miles.

IH: Tell us about your work with the United Nations on their new IC initiative.

NB: I got a call from the UN in early September 2001. They were searching for IC researchers around the world for an IC initiative. I got appointed as the chief researcher, which I'm very proud of. And then September 11 hit. As it happened, the UN wanted me to do the world's first IC benchmarking study concentrating on the Arab world first. There happened to be an Arab connection to the attacks, so that kind of derailed travel plans for a little bit.

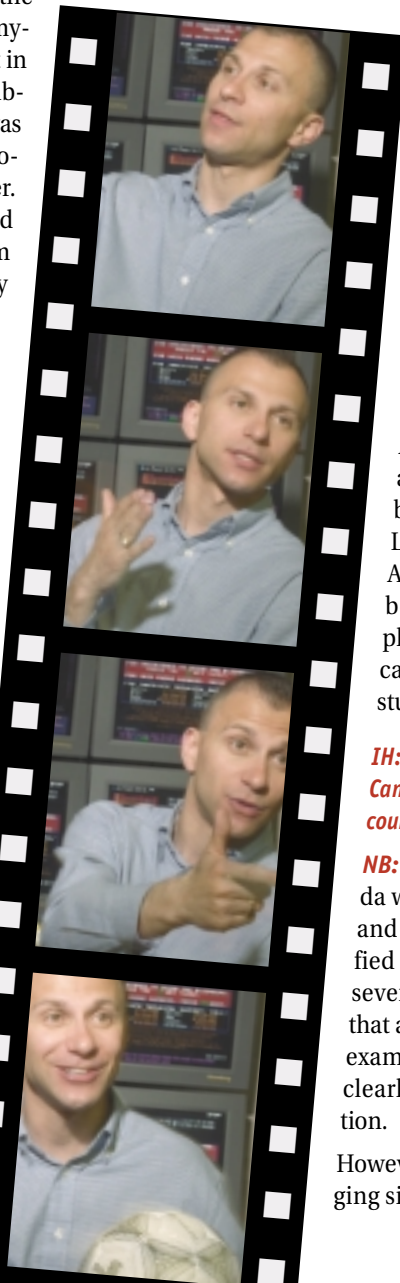
I spent the whole fall term generating this IC benchmarking report, as well as creating the methodology for the NICI. The NICI stands for the National Intellectual Capital Index (it's not named after me, by the way). It's a composite measure that identifies the IC development aptitude of each nation based on a variety of metrics: human capital, structural capital, literacy rates, IT infrastructure, all those types of things.

I presented the results of the NICI at an Arab summit on IC research in Amman, Jordan on January 1, 2002. I've since had several trips to the Middle East and other Arab nations. Other regions of the world are now interested in doing their own IC benchmarking study. There's plans for a Latino one that concentrates on South America. There's also plans for a Euro IC benchmarking study. Later this year I'm planning a presentation in Singapore because there's going to be a benchmarking study for Asian nations.

IH: Based on your research to date, how does Canada's intellectual capital compare to other countries?

NB: Interestingly, many companies in Canada were identified as spearheading the KM and IC field. For example, CIBC was identified early on as an IC best practice. We have several KM companies here in this country that are identified as world best practices. For example, OpenText, out of Waterloo, Ont., is clearly identified as a leading KM organization.

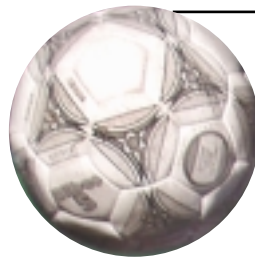
However, on the government side, we are lagging significantly. We're definitely lagging the





U.S. The reason I say this is because the U.S. federal government appointed a CKO in June 1999. So they've had a CKO in place for three years now.

A CKO's main task is to evangelize the principles of knowledge sharing. There will be a certain point when that message, the technology, the infrastructure, the policies, the procedures, will all be in place. It may take you four, five, six years but at some point they will all be in play, at which point you should remove yourself from that position because all the ideals of KM have now been resonated and percolated throughout the organization. Ultimately, a CKO's job should be to fire himself.



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from an IT perspective means enabling technology to facilitate the accelerated transfer of information with other people. KM from an accountant's perspective means increasing market cap so the Tobin's Q ratio is high. Regardless of what functional background you have, KM affects you.

IH: Where do you see yourself in five years?

NB: This is a critical time for me in terms of my academic career because I'm going up for tenure this fall. Of course, I would love to stay here at McMaster for the rest of my life. McMaster's developed a fantastic reputation for being one of the leading IC and KM research centres around the world, and I want to keep on growing that. And in five years I want Knexa enterprises to be one of the largest KM solution providers in the world. I want it to be a wonderful Canadian software story.

I also want to be doing high profile research on what behaviours dictate whether people share knowledge with each other. Is it simply a personality behaviour trait that a person possesses? Can it be overcome? It's funny, we talk about KM, but it might just boil down to psychology and personality traits in the end.

I want to continue with my UN initiative. To be able to look at IC and KM behaviours and phenomena at the national level of analysis is a fantastic opportunity. I'm a young individual. I've got 50, 60 years ahead of me, so the opportunity to do a lot of great work in this area is huge.

IH: What are some benefits of KM initiatives in government?

NB: My biggest fear is that many of the different departments in our federal government all have KM initiatives, but there is no top umbrella coordinating KM mechanism. This is a knowledge duplication issue. If you are pursuing the implementation of a KM tool at Health Canada, you should know that someone at Environment Canada is considering doing the same thing. We keep on talking about Canada's big Innovation Strategy mandate, and how the Government Online initiative will have most services available to citizens by 2005. We're playing the knowledge era game, but I don't think we're necessarily developing the coordinating structures internally to see it come to light.

SH: Where do you see examples of good KM work in Canadian government?

NB: Health Canada, in my opinion, is doing very good work in KM on the federal side. The Ontario Ministry of Transportation is doing good work in KM on the provincial side. Municipally, the city of Cornwall is doing great work from a KM perspective. I'm involved with those three groups.

SH: As a speaker, how would you describe the level of KM awareness of your various audiences?

NB: I would love to say that the sophistication of KM has grown, but I would be lying, because sometimes I speak to what I call biased audiences. What I tend to do when I speak about KM is to contextualize it within the functional tradition the audience is

For more on Nick Bontis and his work
www.bontis.com and
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