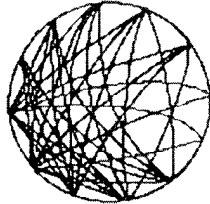


Lessons from the Past

Stories about World-class Collaboration

by Jessica Lipnack and Jeffrey Stamps



Our Company Never Closes

Buckman Labs

Buckman Labs, with \$300 million in revenues, provides specialty chemicals to the pulp and paper, water, and leather industries. Buckman products allow contamination-free manufacture of paper products, swimming pools without algae, and leather for Toyota and Lexus car seats.

Bob Buckman, chairman and CEO of Bulab Holdings, Inc., the parent company of Buckman Labs, takes a small note card and a pen from his breast pocket and draws a little picture to illustrate his vision. “The number of connections among people multiplies exponentially when all are linked point-to-point,” he says, putting his pen to the mid-points where the connections *between* the people intersect. You need a company where everyone has access to the collective intelligence of the organization regardless of time or space, he believes.

Buckman inherited his company from his parents, Stanley and Mertie, who start Buckman Laboratories in 1945¹ with five employees in the small back-office of a former lumberyard not far from Café Society, the popular Memphis eatery where we’re having lunch. Their one customer, Whiting Paper Company, needs their product, a microbicide that three years later becomes the industry standard. The company begins its steady growth until 1978 when things change suddenly: Bob’s father dies at the office of a heart attack.

Bob unexpectedly finds himself chief executive. Buckman Labs is a different company from the one his parents had started. When he takes over, the company is well on its way to being the firm it is today. The enterprise comprises operations in 22 countries, employing 1250 people speaking 15 languages, and producing more than a thousand products. Bob also has a different management style from his father. Twenty-

six people reported directly to “Dr. Stanley,” an unworkable structure in his son’s estimation. So from his earliest days, “Bob” works to create a less bureaucratic, more responsive, and very intelligent organization.

In his speeches, Buckman refers to 1984 as the starting point for his company’s “journey—it’s not a project,” he saysⁱⁱ. That year he meets the author, Tom Peters, whose 1983 best-seller, *In Search of Excellence*, co-authored with Robert Waterman, revolutionizes how people look at their businesses (and breaks open the business-book industry). Buckman is among the first to attend Peters’ Skunkcamp, designed by Reuben Harris,ⁱⁱⁱ Peters’ then-partner (the two had met as doctoral students at Stanford Graduate Business School), a week-long intensive on unconventional business ideas. Buckman eventually sends most of his senior management to the program.

Fate intervenes again in 1989 when Buckman ruptures a disk that lays him flat on his back for several weeks. His mind has been on high-churn since meeting Peters and Harris who joins the Buckman board of directors, and he has been experimenting. But when he finds himself unable to even sit up, he realizes that if he can’t get to his office, he is completely cut off from work. He wonders: “Why do organizations spend huge sums of money on systems that only function 14 percent of the time?” He not only characterizes the lives of his executives, managers, and people in sales but also anticipates changes ahead.

Buckman comes up with the idea that fits his immediate need and will catalyze the redesign of the company.

He decides to put everyone online.

His experiment proves so successful that everyone from Peters himself to Fast Company to Harvard Business School has written about it. HBS’s case study describes Buckman’s mission this way: “If he could connect people through a network, he could ‘replace the depth of knowledge offered in a multi-tier hierarchy with the breadth of knowledge that is the sum of the collective experience of employees.’”^{iv}

In 1989, before the general commercial availability of the Internet, K’Netix is born, an online network that allows everyone in the company to talk to everyone else anywhere at any time. In a pre-web era, it’s a major challenge to get thousands of people around the world comfortable with logging in every day to solicit and contribute advice to people they rarely if ever see.

The impetus for K’Netix is the desire to share best practices for solving customer problems. “We couldn’t run Ph.Ds around the world fast enough at the speed that we needed,” Buckman recalls. How did he do it? Buckman offered these thoughts on successful implementation from his 21st century hindsight:

- **Technology.** Everyone in the global Buckman has access to PCs and laptops. When they travel, they can take “electronic first aid” kits with them, equipped with whatever they will need for where they’re going (telephone connectors, adapters, and cables).

- **Free, unrestricted access** to the Internet. “We say, ‘Go play, go learn.’ People have to learn how to be comfortable with technology,” he says.
- **Coaching and facilitation.** For the first several years, coaches regularly spent 12 hours a day online just helping people become comfortable. Today, every online discussion area has its own moderator, many of whom have gone on to invent their own ways of working online.
- **Culture change.** “It’s 90 percent culture change and 10 percent technology,” he says. “It’s people who bring about the change.”

Alison Tucker, now director of Global Media and Promotions for Buckman, is the company’s original online coach and over the years has participated in each online innovation.

She says she spent “endless amounts of time online. I was learning to manage all these crazy discussions. When we started out, half the things going on were not business related—people talking about their kids and their dogs. We’ve always been this global company, but people didn’t have a chance to talk until this happened. We’d have chat sessions [real-time, online text exchanges] at 5:30 or 6:00 PM Memphis time with people saying, ‘I have to go answer the phone or door.’ People in Japan were telling jokes to people in Brazil.”

“Our use was very high at the beginning while everyone was learning and now it’s leveled out,” Tucker says. “The key thing is to be patient and advertise, advertise, advertise to your people. We didn’t have anybody to learn from. And we still don’t, but we’re learning from each other.”

The initial getting-to-know-one-another frenzy lasts for about three months when things begin to settle down into scientific and business conversations.

To encourage company-wide participation, Buckman himself takes to the world circuit. He gives speeches on the role of knowledge transfer and his belief that the company’s intelligence lies “between the ears of the people, not in some database.” From the beginning, he is an active daily participant. “It has to have unequivocal leadership at the top,” he says.

For the first six months of K’Netix, they run weekly reports to see who is participating and who is not. Every Friday morning, everyone in the company receives a report via e-mail listing the people who have not logged in by the previous afternoon. Buckman himself sends messages to these people asking why they aren’t online and if they need any help. The desire to be absent from the list is so strong that they only need to run the reports for six months.

Soon people are participating in dozens of knowledge-sharing meetings online. Customer problems that once took days to resolve can be answered in a few hours.

By today’s stupefying technology standards, the Buckman Global Knowledge Network is—and remains—pretty elementary. After their first five years using a cumbersome IBM network that requires different codes for different countries, they move to CompuServe in 1992.

“We chose CompuServe because of ease of use,” explains Tucker. It offers local dial-in numbers in all the countries where Buckman has operations. While other

companies developed complex groupware and knowledge-management systems, Buckman chooses instead to outsource and buy retail. (“The only reason companies create their own systems today is ego!” Buckman says emphatically.)

CompuServe, now part of its once-arch rival America Online, also offers simple software for online discussions called “forums.” Each forum is on a separate topic and any authorized person can read and post messages. Because it captures everything electronically, the system maintains its own ongoing discussion history that can track decision-making and problem-solving. Buckman has numerous forums on topics germane to its business, including everything from customers to strategy to new product development. The forums are portable; when Buckman switches platforms again to Internet news-groups the forum topics continue.

From Drums to Advice

Steve (Bob’s cousin) Buckman, now the Buckman Labs’ CEO, recalls how different customers are today from the past. “Fifteen years ago, they said, ‘If you don’t make it, why are we talking to you?’ Now they say, ‘We know you don’t make it but go find it, buy it, and make it work.’ We’re really an intermediary.”

Buckman Labs’ customer, SAPPI, an Italian pressmaker early to automation, is planning a new system to bring out a new grade of paper in South Africa. “They sent a simple e-mail with their query and they got back 10 articles on how to do it. They were just amazed we would do this for them. Customers want us as consultants on how to solve their problems, but they also want us to bring in the product. We don’t want to have to go three different places to solve the problem, procure the chemicals, and implement it in their production system,” Steve Buckman explains.

So the company’s business model is maturing. As products become commodities, a company like Buckman “just can’t pump things out quickly enough. We’re all selling the same kinds of chemistry,” says Sheldon Ellis, director of Bulab Learning Center. Today Buckman is also a service company where knowledge is the capital. “We actually can make more money solving problems and handling processes for customers than shipping drums [of chemicals] alone,” Ellis says.^v

In 1996, Bob Buckman asks Ellis to pull together a plan for the Bulab Learning Center, where all the company’s knowledge, training, communication—and of course K’Netix—will have a home. “Bob said he wanted the Learning Center operational in a month,” Ellis recalls. “I went to two folks from IT with business skills and said, ‘I’m asking you to leave what you’re doing and get on the ride of your life. This will be the coolest thing you’ve ever done.’”

“We built the architecture then plugged in everything we could find. I was reading how to do [Lotus] Notes development on a tour bus in Mexico, and my modem burned out, so I had to have a new one Fedexed. We worked day and night and threw a lot of things together very, very quickly.” Three-and-a-half weeks later, Bulabs Learning Center is operational with 75 courses available online.

Today the Learning Center employs 10 people from Asia, South America, and the U.S. who speak 11 languages and come from a variety of specialties: a chemical

engineer, an agronomist, a computer scientist, a paper-making scientist, a political scientist, and a Spanish linguist. Among their many ambitions is one to make the site fully accessible in the company's four principal tongues—English, Spanish, Portuguese, and German. “There aren't many others trying to do a multi-lingual, academic, technical, personal/professional, career-development, learning-center web site,” Ellis says.

They offer “knowledge” in many media, including traditional face-to-face courses with hardcopy (they call it “stand up”). The Learning Center produces thousands of CDs, offers 500 online courses through partnerships with 20 universities, stores countless presentations and documents, and is developing new ideas by the day. “We're constantly taking things up and down,” as Ellis puts it, regularly trying things out on the site.

“Philosophically we're going to more contextual learning,” Ellis says. “Instead of long classes, we're developing just-in-the-nick-of-time learning nuggets around what people need to know.” They're also setting up communities of practice, that offer, for example, the group of microbiologists across the company “a voice and a platform and mechanism to be able to build” the tools they need. “We're creating virtual places for people to learn.”

The Culture Shop

Edson Peredo, the company's president and a Brazilian who ran operations there for many years, describes himself as “not a fancy user but a frequent user.” Peredo believes that cultural barriers “will be there for years to come” preventing people from using technology to its greatest advantage. “Most of my people still prefer face-to-face or at least a phone call. Perhaps this is due to the degree of trust and sensitivity about information that goes across the table or phone line. But as far as transferring information, I wouldn't give that up for anything,” he says citing how he just downloaded a 45-page document. “Next week someone will be asking me about that specific document and I can say, ‘Yes, I've seen it,’ and that's how it benefits my work.”

And just the month before, he calls on a customer in California whom he has been e-mailing. “I felt like I'd been there before, I know these people and we're not strangers to each other. We exchange notes and pictures over the Internet, and you quickly find commonalities between you and your customers. Without our culture, that would not be possible. You would have to sit down for days to have the same relationship.”^{vi}

Mark Koskiniemi, vice president of Human Resources at Buckman Labs, is thinking ahead about how to expand learning in the organization. “We can do it by hiring the latest and greatest graduates. But then what? That led us to distance learning and distributed learning that really have for the first time knocked down the socio-economic barriers to education. We've leveled the playing field from Singapore to South Africa. The next step is for our associates to continue to grow and learn and educate themselves, then to refresh our education for ourselves and our children. You never know where the new knowledge is going to come from. The Bulab Learning Center has been created to fill the gap.”

“There's a really important ‘watch out for.’ Don't expect the technology to do it all itself,” Koskiniemi says. “It's culture, culture, culture. Top management has to support it; they lead by example. Bob is pushing the frontier with tools that we're

providing. People who can use the tools get promoted. You don't need to bankrupt yourself on technology."

Customer Benefits

Although he is a chemist and a statistician (undergraduate degree from Purdue University in chemical engineering and an MBA from the University of Chicago), Buckman sounds at times like a communications theorist. For people to be effective, Buckman says, they need information that increases their "span of communication" and thus their "span of influence."¹

"The speed at which you can communicate defines how quickly you can make money," Buckman says. "If I can respond to a customer in six hours anywhere in the world at any time, that's a competitive advantage. As the speed of communication increases, customer response time moves toward instantaneity [a Buckmanism]. That redefines competition. Any entrepreneur in the world will understand that."

Buckman says that to unleash the power of the individual, everyone has to "radically change their span of communication and I mean radically. Anyone should be able to talk to anyone else inside and outside the organization. We want to close the gap with the customer. How do we increase our cash flow with the customer? By increasing our power on the front line. But that can only happen if the individual has good span of communication."

Buckman's goal is to have 80 percent of the company "effectively engaged on the front line," that is, directly connected with customer needs. "If you're not doing something useful for a customer, why are you here?" He only has a few percentage points to go before having quintupled the number from 16 percent in 1979.

A company like Buckman is the latest in a long line of innovations centered on small groups working together. As a species, we've been working on this form of organization for a long time.

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- ⁱ Ironically, the year we date the "birth" of the Information Age (see Chapter 2).
- ⁱⁱ "The Power of Collaborative Knowledge," speech by Robert H. Buckman, delivered at "Lessons from the Front: Putting Knowledge Sharing to Work, seminar, U.S. Department of Defense, General Pershing room, July 28, 1999 [mention AKG and/or NetAge in footnote?]
- ⁱⁱⁱ Harris is now ...
- ^{iv} "Buckman Laboratories (A), ©Harvard Business School, N9-899-175, Rev. September 17, 1999, p. 5. [Contact our friends at HBS Press—Loren, Anne Briggs and ask them how to get permission – it says we need it even to quote a sentence on the original; Bob B gave this to me]
- ^v Interview with Sheldon Ellis, director, Bulabs Learning Center, Memphis, TN, October 7, 1999.
- ^{vi} Interview with Edson Peredo, Buckman Labs, Memphis, TN, October 8, 1999.