

The New Business and Knowledge Management Fundamentals

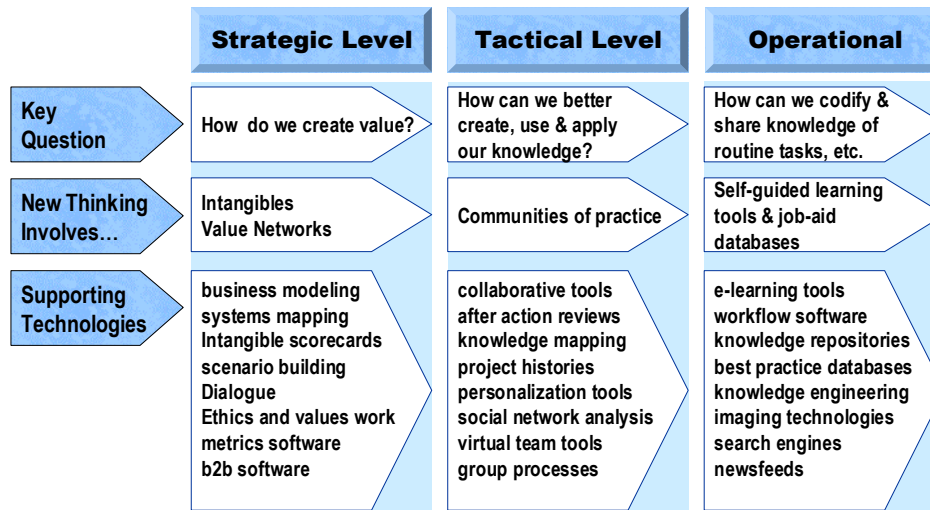
By Verna Allee

There is really only one management question, “What do we need to pay attention to in order to be successful?” We are learning new questions for virtually every aspect of organizational and economic life – from how we define value to questions of ownership, through the quest to find meaning in our work and even “spirit” in the workplace. Almost every method, model, and tool currently used in business and economics came out of the old industrial model and its underlying Newtonian worldview. Now, we are seeing shifts in focus that represent a more dynamic interconnected view that corresponds to insights gleaned from quantum physics, complexity theory, behavioral science, and living systems. Those of us traditionally charged with increasing organizational performance can play a powerful role in helping the economic and business world translate the new understanding of life and healthy ecosystems in terms of what this means for the way we do our work and how we manage organizations.

Increasingly, the economic landscape is being molded not merely by physical flows of material goods and products, but more importantly by intangible value and streams of information, knowledge, and ideas. This new era, which some call the Knowledge Economy, is rewriting the rules of business and forcing a radical rethinking of corporate value. Currencies of exchange are no longer just money, but also knowledge and intangible value such as prestige and customer loyalty. In this environment, the old accounting, enterprise, and economic models no longer capture current reality.

In this setting, knowledge management has emerged as a Meta discipline and integrative framework for pulling together the core group of emerging management questions. So what are some of the new fundamentals that we must now pay attention to? Briefly, we must shift from focusing on linear mechanistic processes and functional units to dynamic relationships, networks, and interdependencies. We are seeing this shift of business thinking at the three fundamental levels of business: the strategic or business level, the tactical level of work groups and activity, and the operational level of individual tasks, functions and the technologies that support them. Knowledge management, as a meta discipline also encompasses new methods, techniques, tools and frameworks that help us pay attention to the right things at each of these levels.

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The major shift at the strategic level of knowledge management involves rethinking value to include both monetary value and intangible value. Traditional accounting methods emerged in the Renaissance. The new thinking about intangibles, intellectual capital, and non-financial forms of value only surfaced in the last ten years or so. Therefore it is still very new. Yet, understanding intangibles has become one of the most important business and economic questions – not only in the U.S. and Europe but also all over the world. Along with this new perspective is a complimentary focus on enterprise as webs of business relationships. Our traditional view regarded each enterprise as a lone competitor scrambling for a niche in its business ecosystem. Now we are appreciating that every enterprise is a node in complex value networks where success comes through collaboration, cooperation, and creating a business environment where everybody can be successful, including competitors. The success of such networks is dependent on exchanges of knowledge and intangibles to build good business relationships.

At the tactical level of knowledge management, the new thinking revolves around communities of practice and the social dynamics and process of creating, sharing, and applying knowledge. We are realizing that no matter what your business, success depends on your ability to create and apply knowledge more effectively than your competitors. However, knowledge is a very different kind of resource than oil or timber – making the old rules of production obsolete. The unit of production for organizational knowledge is not so much the individual as it is the community of practice. Teams are still important but the community of practice focus helps us ask important new questions about transfer of learning and best practices, knowledge creation processes, and development of strategic organizational competencies.

At the operational level of knowledge management, new technologies allow the codification and delivery of learning and just-in-time knowledge to individual workers. This means acquiring new competencies about knowledge engineering and capture, packaging content for different learning styles, and mastering e-learning technologies that complement traditional classroom learning. It also involves the application of a wide range of supporting technologies for real time and asynchronous collaboration and for building capability to store, search, and retrieve information.

We still have much to learn about what all this really means for managing our organizations. As more and more individuals appreciate the value of their knowledge, the ability to forge creative partnerships with each other becomes critical. People will only build knowledge and weave healthy business networks in an environment of trust and appreciation. This is driving higher levels of integrity and management principles that are grounded in fairness, openness, and collaboration.

Leadership teams preparing for the new economy will find themselves engaged in challenging, provocative and sometimes baffling and paradoxical situations. Those companies willing to learn into the questions, however, will build the adaptive capacity needed for the new economy.

Care to learn more? Check out the library and book lists at <http://www.vernaallee.com>.

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