

People-Focused KM: *Effective Decision-Making Leads to Enterprise Success*

2004

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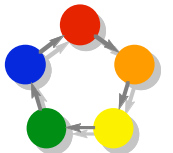
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KM's Role Is Changing

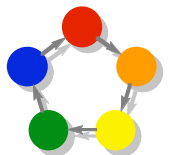
◆ The Early Focus:

Strengthen Operations by Improving Knowledge and Its Availability with IT and LO

◆ The Emerging Focus:

Make the Enterprise More Competitive from Strategic Perspectives by Creating and Utilizing Knowledge and Personal Understanding

“To Survive and Prosper You Need to Innovate Faster Than Your Competitors – It is Not Enough to Learn Faster!”



Enterprise Success



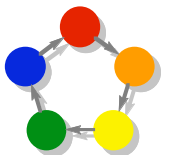
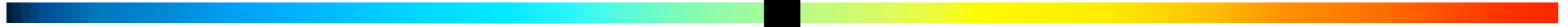
**Effective Decision-Making /
Problem-Solving and Execution**



Continual IC Development

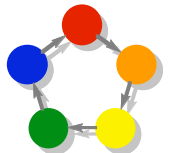


People-Focused KM



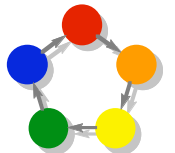
Relevant Intellectual Capital Areas

- **Knowledge to Perform Daily Work**
 - ✓ *Executing Work Tasks*
 - ✓ *How to Shape Daily Work to Support Enterprise Intent*
- **Understanding of Which IC Assets Are Important to Develop for Support of:**
 - ✓ *Enterprise Goals*
 - ✓ *Personal Goals*
- **Understanding of How Personal Goals Are Supported by Enterprise Success**



Enterprise Success: ***– A Very Tall Order Indeed! –***

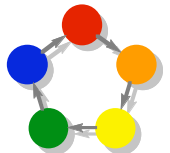
- ◆ **Peoples’ actions create enterprise behavior**
- ◆ **People act according to what they feel, know, and understand about the target situation**
 - **Feel - Culture and mentality**
 - **Know - Knowledge to decide and act**
 - **Situation understanding - Knowledge and information**
- ◆ **People pursue what they understand to be “best”**



Effective Decision-Making and Problem-Solving

Effective decision-making/problem-solving:

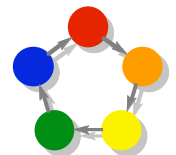
- ◆ **Seeks to execute enterprise intent**
- ◆ **Leads to action options that are feasible and implementable**
- ◆ **Seeks to execute enterprise intent**
- ◆ **Seeks to execute enterprise intent**



Enterprise Behavior and Performance Result from Individual *Voluntary* Actions

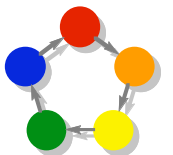
Remember:

- ◆ Voluntary actions cannot be “managed” – only “influenced” to be consistently effective
- ◆ The enterprise is a networked social system whose culture shapes personal behaviors
- ◆ The enterprise is “complex system” that in theory and fact cannot be “controlled”



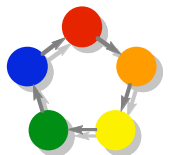
People-Focused KM

**Systematic and Deliberate KM
Requires that Underlying
Knowledge-Related Mechanisms
Are Understood and Addressed**



People-Focused KM Features:

- *Intellectual Capital Stewardship Mentality* Provides Long-Term Viability Secured by Short-Term Survival
- *Part of Integrative Management* and “*Living the Job*”
- *Self-Sustaining & Self-Renewing* Systemic KM Practices
- *System Perspective* of Enterprise and Environment
- *Adaptive & Complex* – Not Static and Mechanistic
- *State-of-the-Art KM Methods* – Vigilantly Applied
- *Bottom-Up “Demand Pull”* – Not “Supply Push”
- *People-Centric Knowledge View* – Not Technology-Based
- *Advanced Infrastructure Capabilities* – Used Everywhere

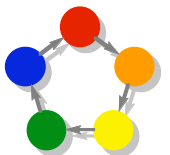


We Need to Change Our Understanding!

In the past we misunderstood how people handle situations and make decisions.

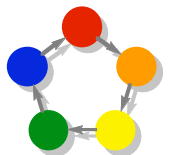
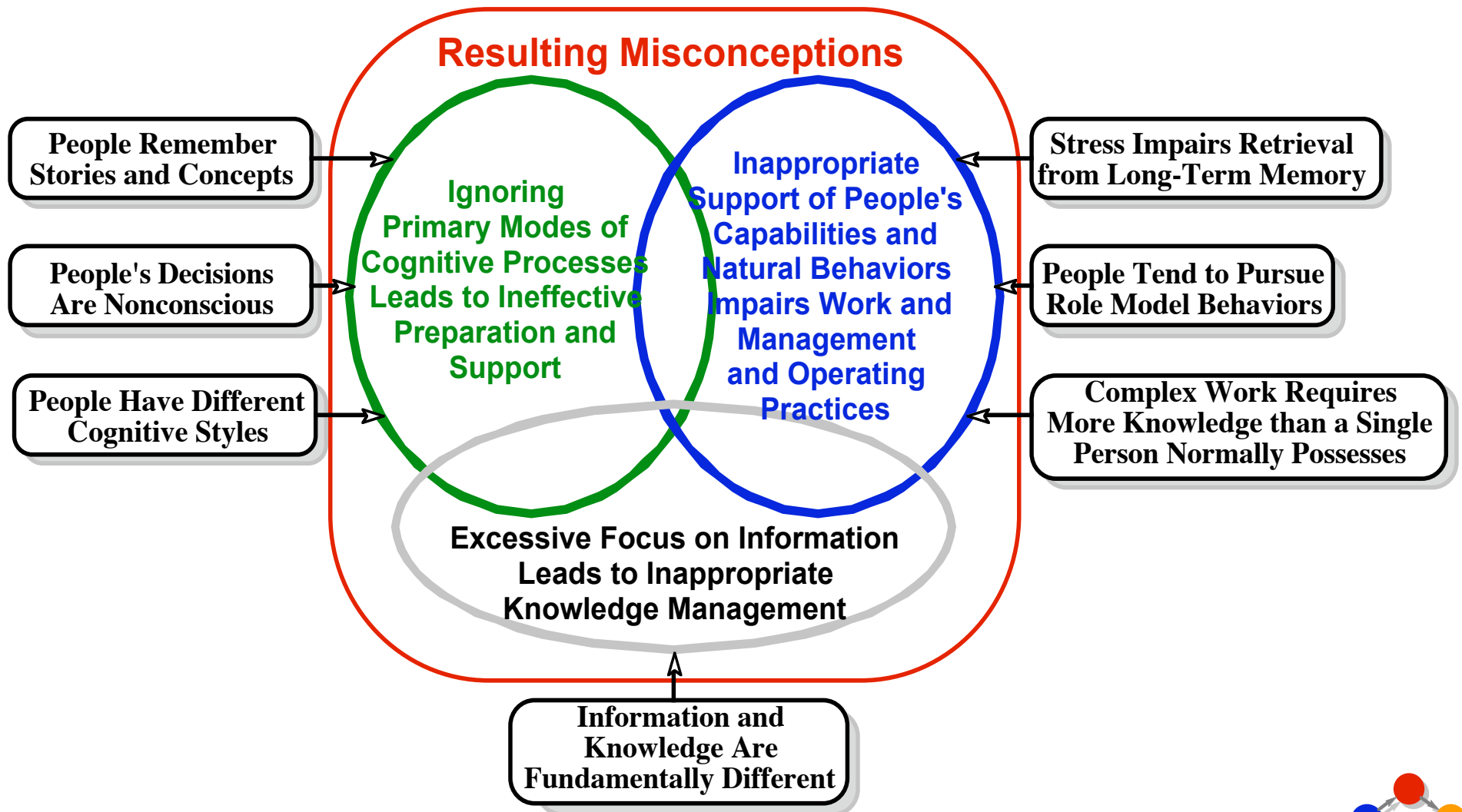
We believed that decision making is rational and mostly conscious deliberations.

These misconceptions misled, and still mislead, development of many KM-related practices with results that can be quite disappointing.



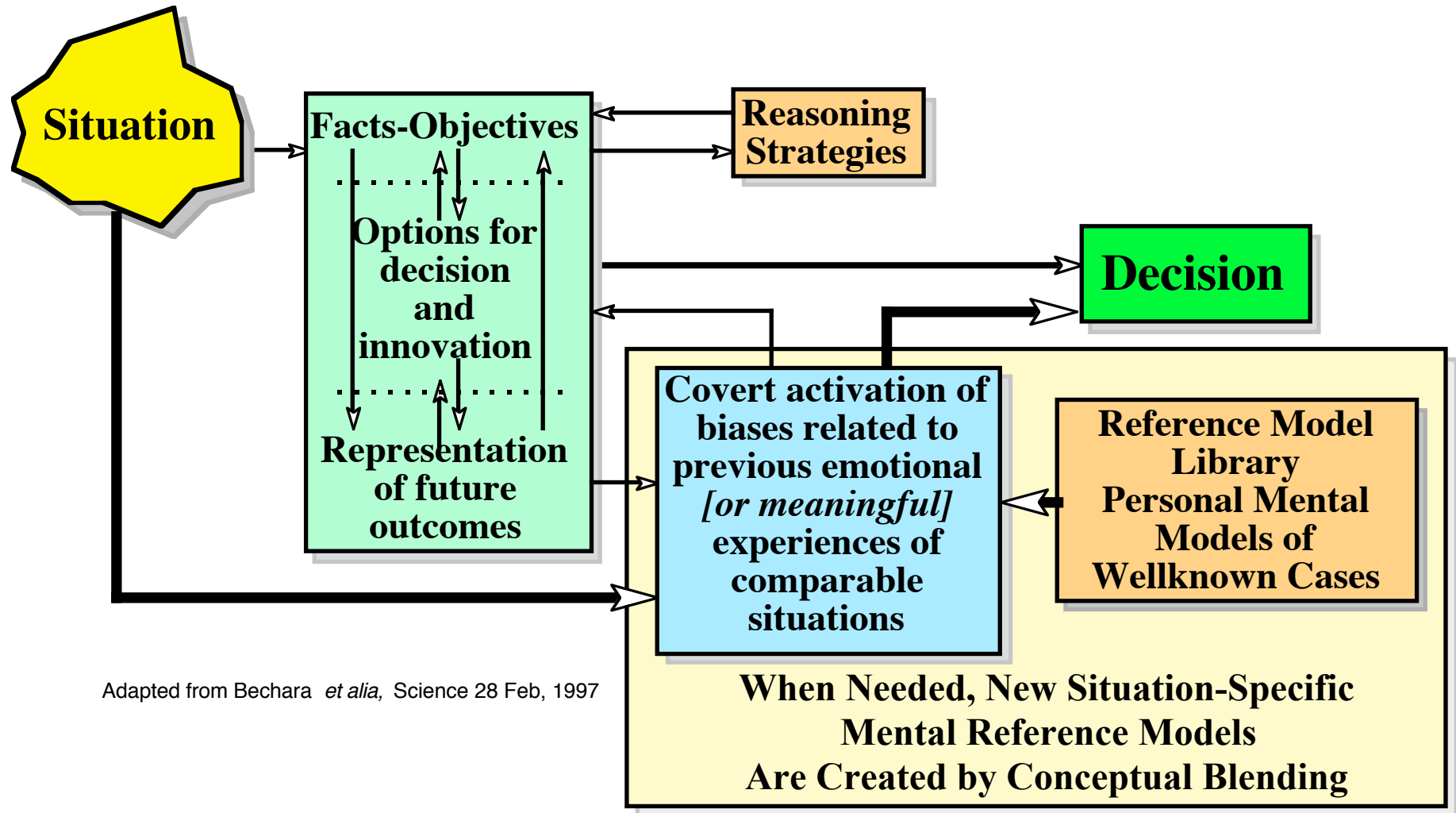
Seven Common KM Misunderstandings

We Must Remember That:

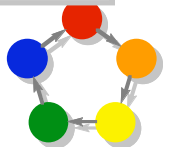


Most Decisions Are Nonconscious

and Result from Activating Mental Reference Models!



Adapted from Bechara *et alia*, Science 28 Feb, 1997



Mental Reference Models

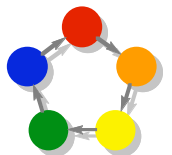
“Give me an example I can adapt to fit my problem!”

*People Imitate Prior Behaviors and
Organizations Reenact Past Practices*

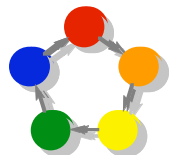
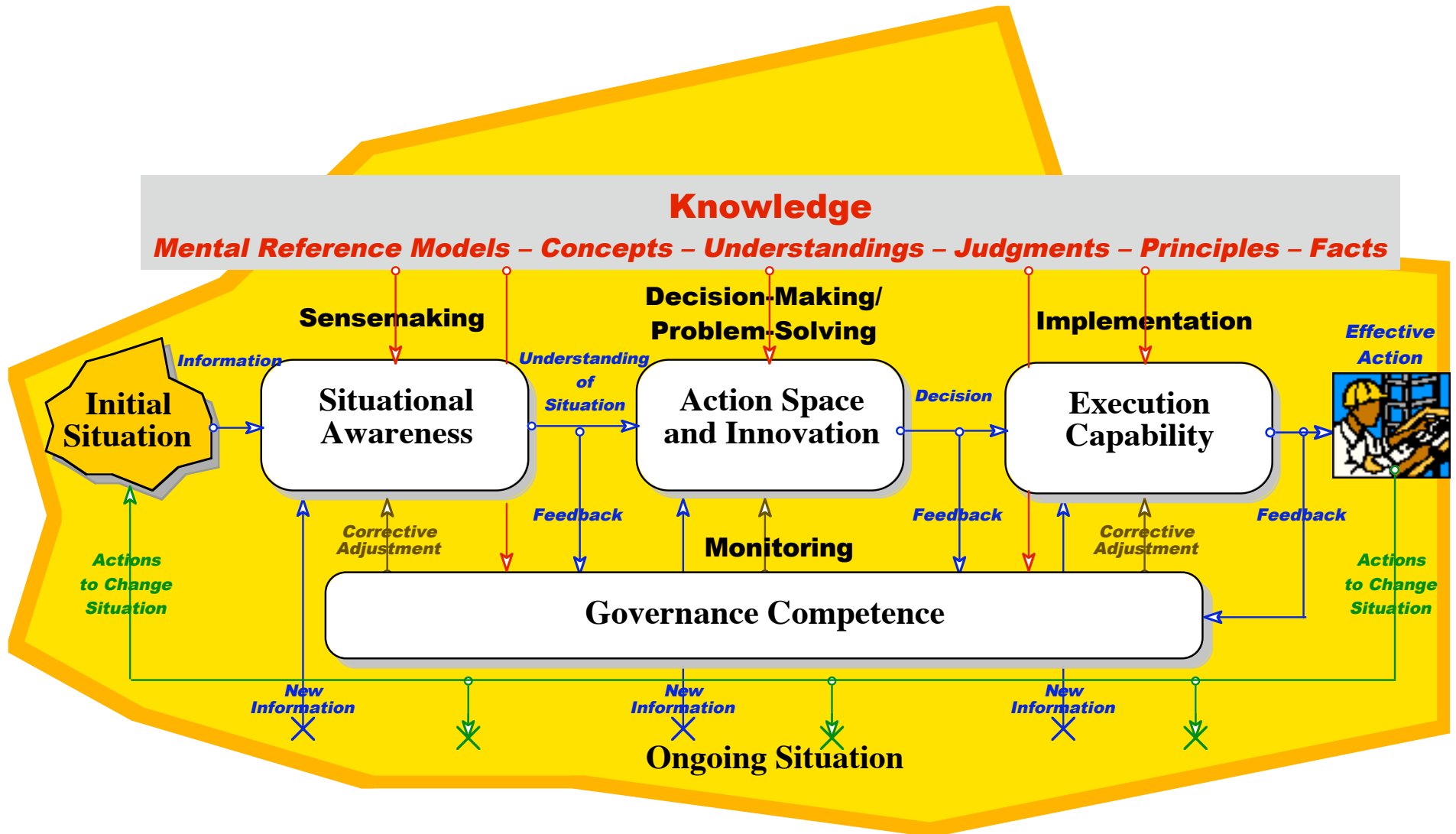
**People making decisions, to the largest extent possible,
rely on past experiences**

**People and organizations adapt and execute
reference models to imitate prior successes and
avoid prior failures**

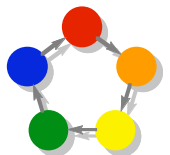
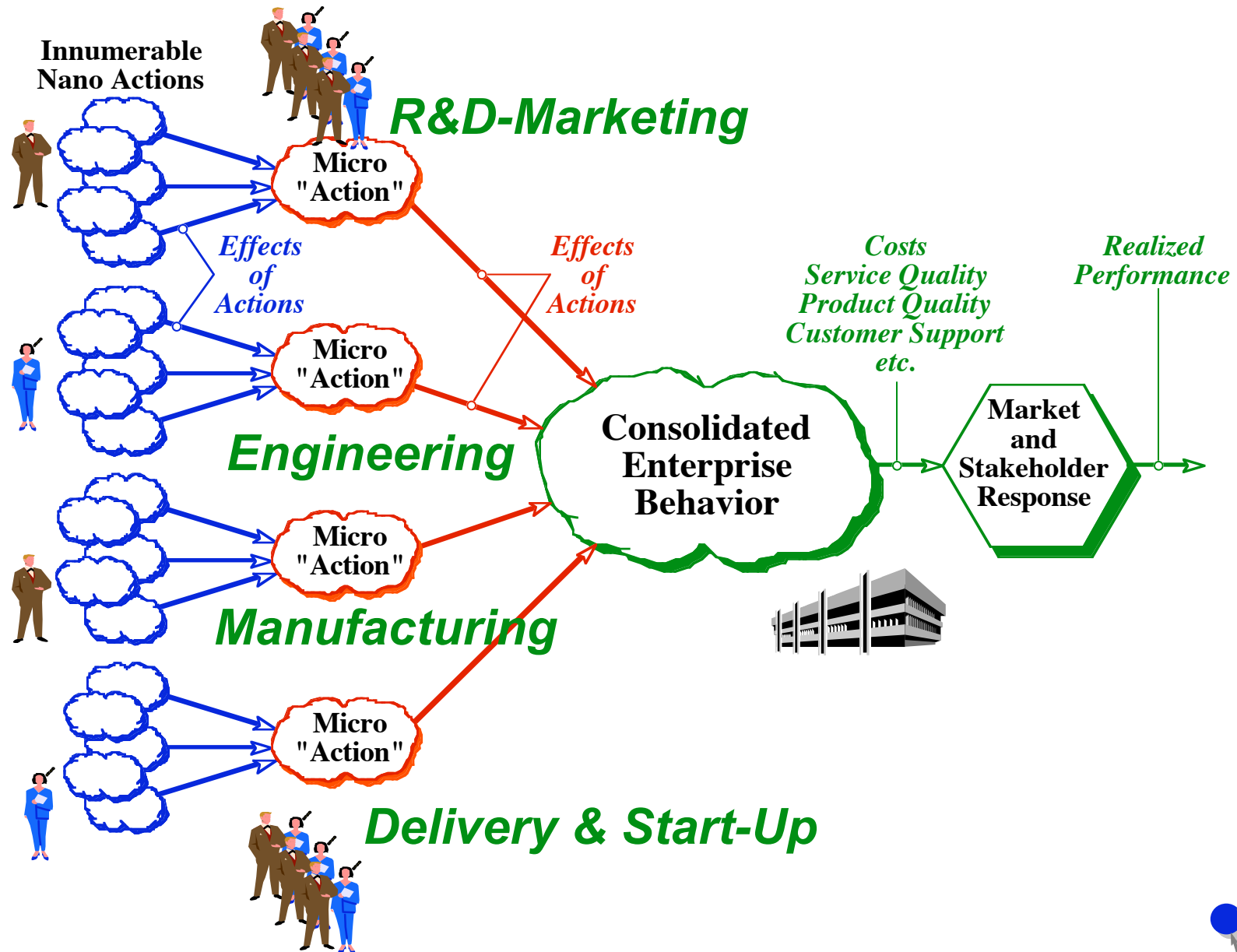
**They build large libraries of reference behavior
patterns**



Situation Handling Requires Knowledge



Individual Actions Lead to Enterprise Behavior

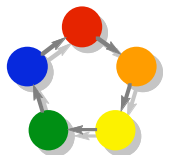


We Must Make Our People Understand and Agree the Enterprise's Business Strategy, Its Direction, and Intents

**Strategy is decided by Upper Management
*but mostly implemented by Rank and File***

***“We must communicate our strategy and
intents effectively”***

- 1. First to the Initial Target Group**
- 2. Later to Everybody**



Micro Managing Does Not Always Work!

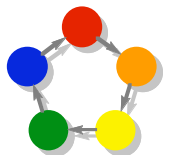
Delegation of authority is mandatory for detailed implementation of desired actions.

Effective implementation relies upon improvisation and innovation.

Changes will occur and situations in the field will invariably differ from expectations.

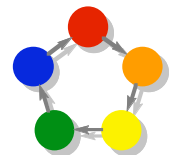
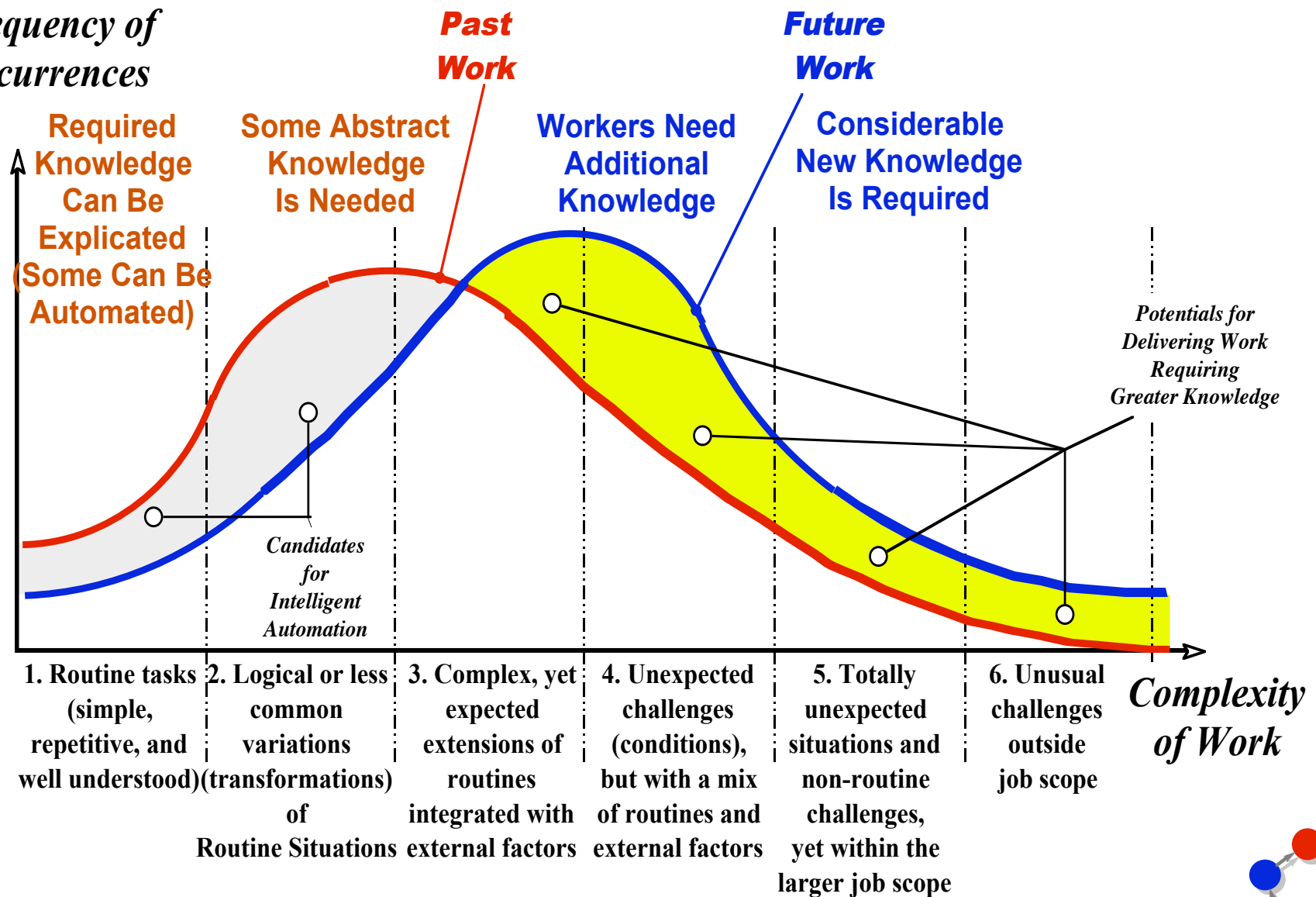
People need requisite knowledge and resources.

They must be prepared to accept responsibility!

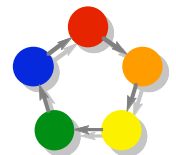
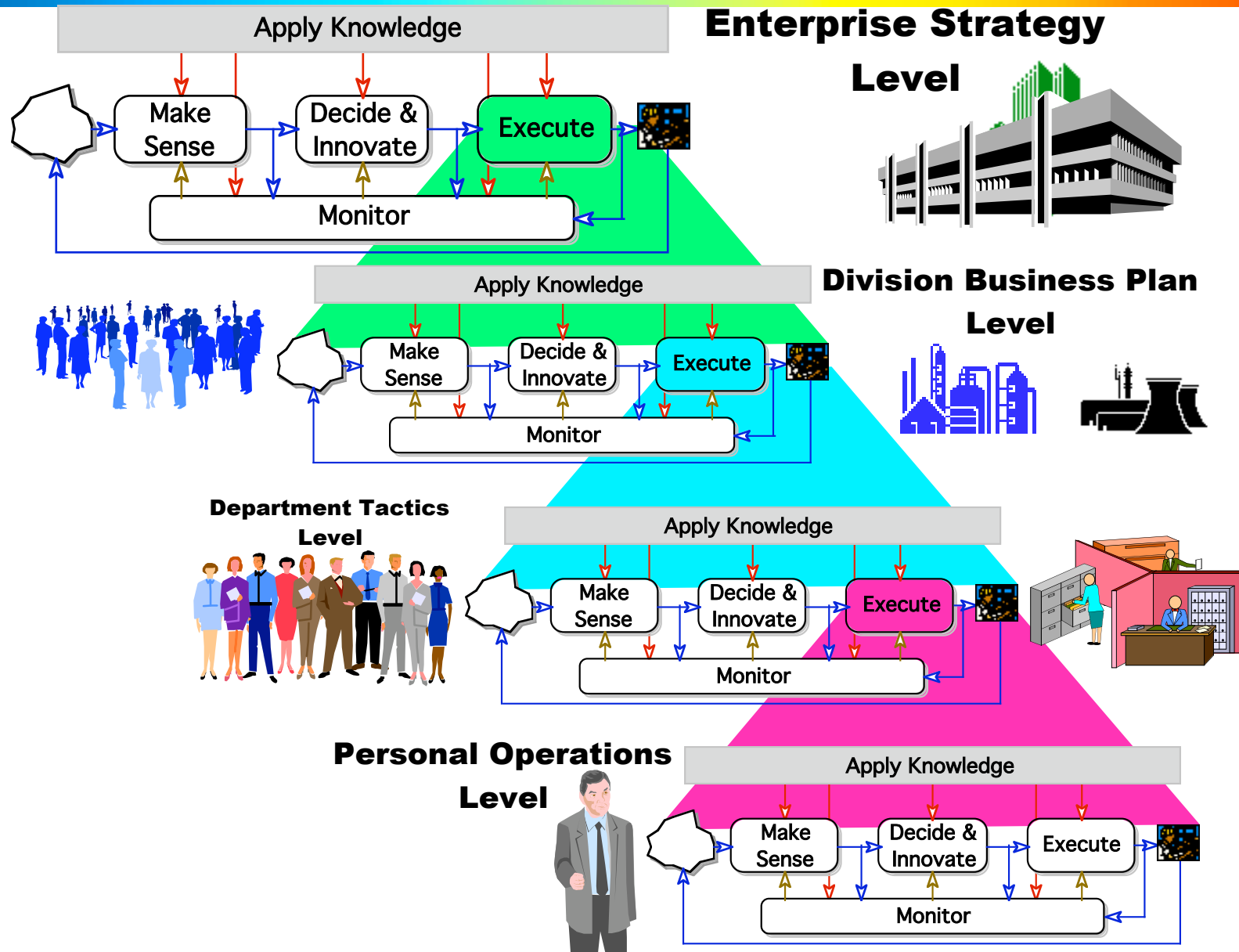


Personal Work Becomes More Complex

Frequency of Occurrences



Effective Actions Are Needed at All Levels



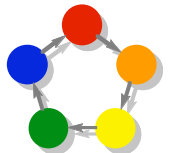
Personal IC Development

Personal IC Development Has Two Areas:

1. Directive Component is top-down:
People need only to follow directions

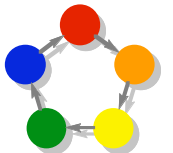
2. Participative Component is bottom-up:
*People need to understand how best to
build their own IC assets*

**For success - people need to understand
enterprise direction and their own roles**



Crucial KM Focus Areas

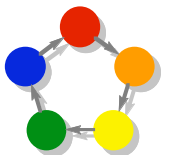
- **People-Focused Management Philosophy**
 - **Knowledge Management Expertise**
 - **Integrative Management**
- **Intangible Asset Management Mentality**
 - **Critical Success Factors**
- **Knowledge-Focused Business Diagnostics**



Intangible Asset Management Mentality – Knowledge-Leveraging Mentality –

**Knowledge-Leveraging Mentality Consists of
Knowledge- and Performance-Centric
Perspectives and Attitudes
that Promote Effective and Competitive
Actions and Behaviors
of Individuals and Enterprise**

***Corporate Culture Is Driven by the
Knowledge-Leveraging Mentality***



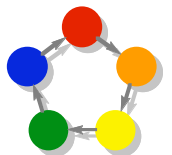
KLM Focus

Competitive enterprise and personal performance result from conscientious application of superior intellectual capital (IC)

Superior IC is built through constant innovation and wise investments and trade-offs

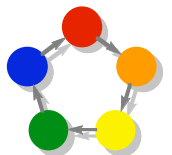
High performance depends on effective practices, arrangement of work, organizational structure and systems and procedures

***Widespread Knowledge-Leveraging
Mentality is cornerstone for 'doing business
differently'***



Important KM Development Priorities

- 1. Make KM part of Integrative Management**
- 2. Focus KM more on People – Less on IT**
- 3. Make KM Promote Innovation and Strengthen Consistency of Routine Operations**
- 4. Increase Understanding of Knowledge-Related Processes - Personal - Organizational - Societal**
- 5. Strengthen IT for KM Infrastructure and Intelligent Operational Support**
- 6. Compile Repositories of Effective KM Approaches and Related Best Practices**



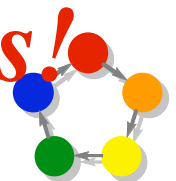
KM and Innovation Are Key

“A Focus on Cost-Cutting and Efficiency Has Helped Many Organizations Weather the Downturn, But This Approach Will Ultimately Render Them Obsolete.

Only the Constant Pursuit of Innovation Can Ensure Long-Term Success.”

DF Muzyka, FT Sep 17, 2004

Knowledge Management Is the Innovation Enabler by Providing the Driving Intellectual Capital Resources!



Thank You!

