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

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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
People-Focused KM

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:

- People Remember Stories and Concepts
- People's Decisions Are Nonconscious
- People Have Different Cognitive Styles
- Stories and Concepts
- People Tend to Pursue Role Model Behaviors
- People's Decisions Are Nonconscious
- Stress Impairs Retrieval from Long-Term Memory
- People Tend to Pursue Role Model Behaviors
- Complex Work Requires More Knowledge than a Single Person Normally Possesses

Resulting Misconceptions:

- Ignoring Primary Modes of Cognitive Processes Leads to Ineffective Preparation and Support
- Excessive Focus on Information Leads to Inappropriate Knowledge Management
- Inappropriate Support of People's Capabilities and Natural Behaviors Impairs Work and Management and Operating Practices
- Information and Knowledge Are Fundamentally Different

Information and Knowledge Are Fundamentally Different.
Most Decisions Are Nonconscious
and Result from Activating Mental Reference Models!

Adapted from Bechara et alia, Science 28 Feb, 1997

When Needed, New Situation-Specific Mental Reference Models Are Created by Conceptual Blending
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

Knowledge


Initial Situation

Situational Awareness

Sensemaking

Decision-Making/Problem-Solving

Action Space and Innovation

Implementation

Execution Capability

Monitoring

Governance Competence

Ongoing Situation

Effective Action

Actions to Change Situation

Corrective Adjustment

Decision

Feedback

New Information

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Individual Actions Lead to Enterprise Behavior

Innumerable Nano Actions

R&D-Marketing

Micro "Action"

Effects of Actions

Engineering

Micro "Action"

Effects of Actions

Manufacturing

Micro "Action"

Realized Performance

Consolidated Enterprise Behavior

Costs Service Quality Product Quality Customer Support etc.

Delivery & Start-Up

Market and Stakeholder Response

Effects of Actions
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

- 1. Routine tasks (simple, repetitive, and well understood)
- 2. Logical or less common variations of Routine Situations
- 3. Complex, yet expected yet extensions of routines integrated with external factors
- 4. Unexpected challenges (conditions), but with a mix of routines and external factors
- 5. Totally unexpected situations and non-routine challenges, yet within the larger job scope
- 6. Unusual challenges outside job scope

Past Work
- Some Abstract Knowledge is Needed
- Workers Need Additional Knowledge

Future Work
- Considerable New Knowledge is Required

Candidates for Intelligent Automation

Required Knowledge Can Be Explicated (Some Can Be Automated)

Workers Need Additional Knowledge

Considerable New Knowledge Is Required

Complexity of Work

Some Abstract Knowledge Is Needed

Potential for Delivering Work Requiring Greater Knowledge
Effective Actions Are Needed at All Levels

- **Enterprise Strategy Level**
  - Make Sense
  - Decide & Innovate
  - Execute
  - Monitor
  - Apply Knowledge

- **Division Business Plan Level**
  - Make Sense
  - Decide & Innovate
  - Execute
  - Monitor
  - Apply Knowledge

- **Department Tactics Level**
  - Make Sense
  - Decide & Innovate
  - Execute
  - Monitor
  - Apply Knowledge

- **Personal Operations Level**
  - Make Sense
  - Decide & Innovate
  - Execute
  - Monitor
  - Apply Knowledge

**Effective Actions Are Needed at All Levels**
Personal IC Development Has Two Areas:

1. Directive Component is top-down: 
   \textit{People need only to follow directions}

2. Participative Component is bottom-up: 
   \textit{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!