

# Knowledge Management

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INFS 770 - Knowledge Management for E-Business

# The Leader's New Work: Building Learning Organizations

- Strategy, according to Gordon Petrash, is a plan and a process that accomplishes the enterprise's desired outcome. It is a *plan for action* with clear and measurable goals linked to these outcomes.
- Peter Senge says “leadership is the capacity of a human community to create its future.” In operation “leadership is the ability in an organization to initiate and to sustain significant change, to work effectively with the forces that shape change.”

# The Learning Organization

- Shell Oil planning director Arie de Geus, says that over the long run, superior performance depends on superior learning.
- A Shell study showed that “a full one-third of the Fortune 500 Industrials listed in 1970 had vanished by 1983.”
- Citibank CEO Walter Wriston: “The person who figures out how to harness the collective genius of the people in his or her organization is going to blow the competition away.”

# Adaptive and Generative Learning

- Fortune Magazine: “The most successful corporation of the 1990s will be something called a learning organization, a consummately *adaptive enterprise*.”
- **Adaptiveness** is the first stage for the learning organization. The second phase is **generative** learning.
- The total quality movement in Japan has moved from adaptive to generative; from “*fitness to standard*” in making the product more reliable, to “fitness to need” in which the designers understand what customers want, or to create a “*latent need*” in the customer, that is what customers might really value but have never experienced or would never think of asking for.
- Mazda Miata was created based on what a customer might want.

# Generative Learning

- Adaptive learning is about *coping*, while generative learning is about *creating*.
- Different from adaptive learning in that you have to understand your customers
- Also focus on the processes of the business as a whole *integrated* system: customer relations, order taking, production scheduling, material procurement, production and distribution.

# The Leader's New Work

- Leaders play different roles in the learning organization.
- Designers, builders and stewards;
- Require the ability to build shared vision;
- Bring to the surface and challenge prevailing mental models;
- Foster systems oriented patterns of thinking.
- Leaders are responsible for learning.

# Creative Tension: The Integrating Principle

- Creative Tension comes from seeing clearly where we want to be, our “**vision**” and telling the truth about where we are, our “**current reality**.”
- The **gap** between the two visions generates a natural tension.
- For example: Dr. Martin Luther King, Jr. said “Just as Socrates felt that it was necessary to create a tension in the mind, so that individuals could rise from the bondage of half truths .. so must we ..create the kind of tension in society that will help men rise from the dark depths of prejudice and racism.”

# New Roles

- The critical roles of leadership are those of designer, teacher and steward.
- Building an organization's culture and shaping its evolution is the *unique and essential function* of leadership.

# Leader as Designer

- The first task of organizational design is the design of governing ideas of purpose, vision, and core values by which people will live.
- Case Study of Johnson & Johnson when Tylenol containers had been tampered with. The company decided to withdraw all Tylenol off retail shelves.
- J&J credo states: 1) service to the customer; 2) service to its employees and management; 3) service to the community comes third; and 4) Service to its stockholders.

# Leader as Designer

- Second design task involves policies, strategies and structures that translate guiding ideas into business decisions.
- Philip Selznick calls policy and structure the “institutional embodiment of purpose.”
- Jay Forrester of MIT states that *policy making rules* (the rules that guide decisions) *should be separate from decision making*.
- Henry Mintzberg says that strategy is less a rational plan than an emergent phenomenon. The key is to foster strategic thinking
- See Shell Oil “Planning as Learning, Page 27.

# Leader as Teacher

- Herman Miller CEO Max de Pree writes; “The first responsibility of a leader is to define reality.”
- Leader is increasingly viewed as coach, guide or facilitator.
- Goal is to have the organization gain insightful views of the current reality.
- During the 80’s General Motors had the long-held mental model that styling was of utmost importance and that quality was secondary in customers’ preferences.

# Leader as Teacher

- Leader can influence people to view reality at three distinct levels:
  - systemic structure (Generative)
  - patterns of behavior (Responsive)
  - events (Reactive)
- Most companies react to events and perhaps to patterns. The goal is to view the organization as a system to explain the causes of the behavior. (This could be considered knowledge and understanding.)

# Leadership Skills

- New skills are needed for the new type of leader:
  - Building a shared vision
  - Surfacing and challenging mental models
  - Systems thinking