



# Book Enabling Knowledge Creation

## How to Unlock the Mystery of Tacit Knowledge and Release the Power of Innovation

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Oxford UP, 2000

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### Recommendation

Dust off those liberal arts degrees before opening this challenging treatise on knowledge management, written by a trio of academics who call themselves "constructionists," quote Sartre and speak passionately of "post-modernism." Their work explains how to gain initiative and constructive input from workers by modifying traditional command structures - a grounded approach that is much more realistic than the revolutionary conversions called for by other experts. Managers who balk at the thought of granting autonomy or increased access to their employees may well be converted away from their hierarchical dogma here. *BooksInShort* particularly recommends the lively knowledge-creation case histories and the wonderful section explaining how companies can create valid, imaginative futures. (What if IBM had imagined a world in which software was more important than mainframes?)

### Take-Aways

- Businesses must use knowledge management to survive and advance.
- Knowledge is both tacit and explicit.
- Local knowledge must be globalized so all members of the company can benefit.
- Knowledge management doesn't depend on a knowledge officer, the manufacture of tools or easily quantifiable information.
- Barriers against knowledge creation kill great ideas, great arguments and great concepts.
- Knowledge-creation pitfalls include the organization's very structure and the company's basic paradigms.
- Knowledge activists trigger and coordinate knowledge-creation processes.
- Knowledge creation demands an open context, or a place where teams can freely and comfortably share ideas and innovations.
- Managing conversations strongly affects all five knowledge-creation steps.
- A knowledge vision legitimizes a company's knowledge-creation initiatives.

# Summary

## Explicit and Tacit Knowledge

Knowledge management is a modern mantra espoused by pundits, researchers and consultants as a way for businesses to gain a competitive edge over their counterparts. The idea: If you build a business that embraces both tacit and explicit knowledge, your company can outlive its first good idea and transform itself in response to changing markets.

“The challenge for managers is to strike a balance between survival and advancement thinking in daily practice - that is, to honor the past but keep one’s eyes on the future.”

"Some knowledge can be put on paper, formulated in sentences or captured in drawings... Yet other kinds of knowledge are tied to the senses, skills in bodily movement, individual perception, physical experiences, rules of thumb, and intuition. Such tacit knowledge is often very difficult to describe to others."

“Sharing tacit knowledge requires individuals to share their personal beliefs about a situation with other team members.”

Visionary leaders nurture tacit knowledge, enable its sharing and use, and thus move it out of individual minds into the company’s social environment. This transforms individual creativity into innovations for everyone. In short, these leaders engage in unlocking the mysteries of tacit knowledge - to their advantage.

“Do not forget that knowledge is not just held by experts, ‘gurus,’ knowledge workers and professionals; it is tied to most working environments in your organization, and in use by everyone.”

Fallout from the management principles, systems and techniques of the 1980s and 1990s has pushed many firms in a new direction. Companies such as 3M, Daimler-Chrysler, Nokia, Sencorp, Eli Lilly, Intel, IBM, Hewlett Packard, Lotus, PricewaterhouseCoopers, Hoffmann-LaRoche and Glaxo Wellcome have all emphasized the value of explicit knowledge, but their managers also recognize the real potential that tacit knowledge has for long-term advancement and business success.

## Knowledge Creation: Five Basic Enablers

Companies should use these five knowledge enablers. The long journey to achieving a coherent enabling context relies on all five enablers to spark and generate knowledge creation:

1. Instill a knowledge vision - This vision legitimizes knowledge-creation initiatives throughout the company. A clearly formulated vision helps your community articulate the concepts it creates. While it’s not very easy to predict the future, the future of your company depends on some crystal-ball gazing. Managerial ignorance can be a company’s worst enemy. For example, IBM knew that a new technology might replace mainframes, but the company’s leadership feared that if they developed personal computers (PCs), that innovation would cannibalize their current business. Therefore, they were slow to change and to properly market and serve customers in the PC market.

“The knowledge-creating company benefits from a broader mobilization of creativity and innovation among all organizational members.”

A knowledge vision demands that your company create a mental map of the world it is living in and a mental map of the world where it should live. Further, that knowledge vision should specify what knowledge members of the organization need to seek and create. For instance, Shiseido Pharmaceuticals used a knowledge vision to create a whole new line of cosmetics. When sales were down, company leaders provided an original vision of what the company could be by coining new language (cosmeceutical) and by designing new products with a particular knowledge vision of the future in mind.

2. Manage conversations - Effective conversations allow for higher creativity and stimulate the sharing of tacit knowledge. Your employees will find it easier to express such ideas in an atmosphere that has been purged of distrust and fear. Good conversations are the cradle of social knowledge in any organization. In productive micro-communities, conversations can unleash the creative powers of individual participants and fuel knowledge creation beyond the capacities of a single mind. Both

Maekewa and General Electric have policies that outline how to guide conversations. General Electric uses teams and introduces statistical standards into the company's language to develop conversations while Maekewa uses business reports to facilitate productive discussions.

3. Mobilize knowledge activists - These are the people who often function as middle managers and who trigger and coordinate the processes of knowledge creation. Activists can also influence concept creation, because they inspire the micro-communities involved. Prominent knowledge activists include Siemens' in-house futurist, Helmut Volkmann, and General Electric CEO Jack Welch. Volkmann not only thinks about the company's future, he fictionalizes it and uses stories to illustrate how the future will affect Siemens and its customers. He even creates open spaces within the company so that employees can think freely about the future.
4. Create the right context - This is closely tied to a company's structure, or the way its project teams are formed and interact within the larger confines of a multinational organization. An enabling context or "ba" (sense of place) must be based on a level of genuine caring in the organization. "Enabling context is a shared space that fosters emerging relationships. Based on the Japanese idea of ba, such an occasional context can be physical, virtual, mental, or - more likely - all three." Without proper context, the other enablers will not come into play.

"As these ideas indicate, knowledge creation is a social as well as an individual process."

As knowledge and innovation become more central to competitive success, it is no surprise that many executives have grown dissatisfied with traditional organizational structures. Some alternative structures or contexts you can consider include cross-functional product-development projects; reengineering efforts that replace functional organizational arrangements with process-based ones and virtual corporations that pursue inter-organizational activities beyond traditional corporate boundaries. For example, Sharp created an Urgent Project Team, a hypertext organization that crosses the lines separating small business units.

5. Globalize local knowledge - Emphasize disseminating information throughout the organization. This matters most when knowledge creation and utilization are separated in time and space. "Many managers today would readily admit that knowledge creation matters to their companies, especially if they work for high technology firms that depend on innovation... But supporting and sustaining knowledge creation is much harder than it sounds and can often turn into a source of tension within an organization." Openly sharing knowledge is essential to putting it to use.

## **The Limits of Knowledge Management**

While most managers believe in knowledge creation, many organizational barriers make it very difficult to institute. In fact, many barriers crop up regardless of your managerial style, simply because the process depends on the ambiguity and complexity of human relationships. However, your company needs to surmount these severe barriers to knowledge management:

1. The need for a legitimate language - For the ideas of tacit knowledge to work, your company has to have a common language that is accessible to all the employees in its community. In fact, people who can create new words like neutraceuticals or cybershopping can help crystallize your company's message. Language within a company can become very murky and can actually obscure what's happening to the organization.
2. Organizational stories - These stories can help give a company a kind of institutional memory about what happened in the past and how to avoid problems in the future. However, they can also provide an institutional barrier to expressing contradictory ideas that could lead the company in otherwise promising directions.
3. Procedures - Management is a double-edged sword. While management provides productive structures, rules and boundaries to enable the accomplishment of certain tasks, these same factors also prevent workers from going outside their boxes and working with other communities within the company that could provide needed answers. Then, of course, if workers have an idea that seems to run counter to current procedures, it becomes almost impossible to get public acceptance for the idea.
4. Company paradigms - This refers to a specific company's worldview, including worldviews that may be at odds with new market realities. If you're in business to sell software, you might not understand how giving it away, or open sourcing it, benefits your company in the long run.

"Like individual knowledge barriers, organizational barriers often arise because of natural human tendencies."

When any or all of these barriers are at play, individual insights never make it through the whole process of knowledge creation. "The

creation of knowledge is not simply a compilation of facts, but a uniquely human process that cannot be reduced or easily replicated. It can involve feelings and belief systems of which one may not even be conscious." Great ideas, great arguments and great concepts get killed and are never transformed into successful products or services. Tacit knowledge can't be shared because no one in the firm will accept new innovative language. Alternatively, members of the organization may be paralyzed by stories of past failures.

“These barriers can also be strengthened because of the wrong managerial attitude toward knowledge, particularly when it comes to procedures and the acceptance of limited company paradigms.”

The management of knowledge creation has its own pitfalls, as well. For example, knowledge management can't rely on easily quantifiable information and can't be devoted to the manufacture of tools. Knowledge management also cannot depend solely on a knowledge officer.

Although it runs counter to the stereotypical cutthroat corporate culture, companies can create an enabling context for knowledge creation. In fact, for knowledge creation to work, workers and managers must have close relationships and managers must make an effort to erase the usual workplace environment of distrust, fear and dissatisfaction.

“In general, escaping the trap of the past is essential for the formulation of successful advancement strategies.”

You need to convey these five care-related aspects of the culture of corporate knowledge creation to your employees. It is important to generate: 1) mutual trust, 2) active empathy, 3) access to help, 4) lenience in judgment, and 5) courage.

Your company will find knowledge creation essential to ensure survival in the present and advancement in the future. While both are important, most companies have a myopic vision that focuses on the present. Usually, managers are just concerned with survival. The typewriter industry, or what's left of it, is an apt example. Ten years ago, for the typewriter industry to advance in the future, someone had to recognize that this was a dying industry. Some leader had to re-imagine the typewriter industry as a word-processing industry, providing both notebook and hand-held computers. Nobody took that step because the corporate environment within the typewriter industry didn't allow for such innovative, out-of-the-box thinking.

## Knowledge Leadership

Leaders must encourage the creation of knowledge at every level. "Organizational leaders need to kindle the entrepreneurial flame within employees, allowing them to experiment (even if they make mistakes along the way), to become enthusiastically committed (even if a project is not entirely realistic), and to express their ideas publicly (even if they do not confirm to the conventional wisdom)." Such personal assertiveness is crucial for innovation.

## About the Authors

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