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COMPONENTS OF A KNOWLEDGE ORGANIZATION

To secure and further a competitive position in the long-term it will be necessary to offer innovative and customer-orientated products and services on the market as fast as possible. Thereby, large corporations as well as small and medium-sized companies have to cope with increasing costs. Especially the money spend on the generation of new knowledge are increasing and already extend the costs for tangible assets by far. Knowledge becomes a strategic factor of competition more and more. The production factors resources, capital, labour and knowledge require an aim-orientated and economic management in order to exploit efficiently the potentials of growth and cost-reduction.

"To talk about knowledge and knowledge management is not just a new fashion", Dr. Thomas Middelhoff remarked and added that knowledge management is the ultimate challenge of management. Knowledge and knowledge based products and services represent a huge potential for two of the biggest German companies. A service culture similar to the one in the US could create 7 million working places only in Germany, Dr. Heinrich von Pierer, Chairman of Siemens AG mentioned. In order to succeed against competitors in the global market it becomes increasingly important to achieve a knowledge advantage. Without knowledge advantages innovations will not be possible any longer.

There is sufficient knowledge within the companies - the only problem is how to use it and how to transform it into knowledge advantage. A prerequisite to solve this problem are knowledge high-

ways - established by the company, an awareness of knowledge as a factor, a company-wide 'knowledge language', a shared knowledge platform and - as a task of the management - the definition

"Knowledge can be found most of all in the heads of the employees. Therefore we motivate our employees to record and to share knowledge."

Heinrich v. Pierer



The knowledge expert, Prof Gilbert Probst, HEC-University, Geneva, conducted the Opening Panel on the second day



Masaaki Imai, Founder and Chairman, Kaizen Institute

"However, knowledge remains to be knowledge as long as it is not practiced. Wisdom, on the other hand, is gained but of practice and stays with the individual."

Masaaki Imai

to work for the company for a longer period of time. In so-called 'Corporate Universities' - which are striving to establish contacts with extraordinary universities - the most important asset of the company, the human capital, is financed and, thus, quality is produced.

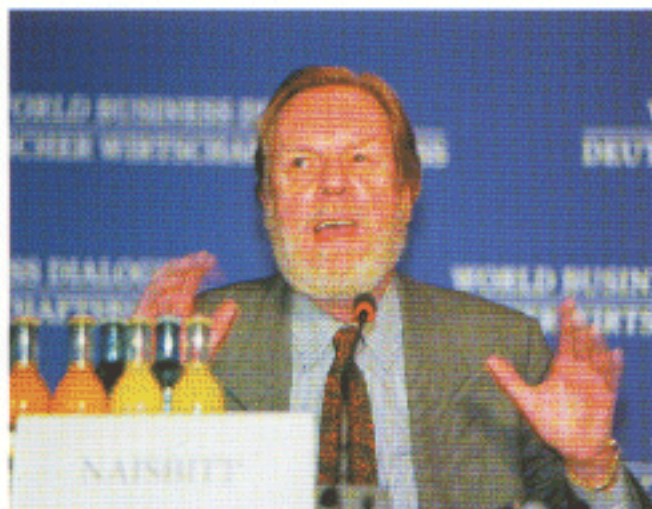
Mere application of technology is not sufficient. The introduction of new technologies is increasing so rapidly that the necessary social change cannot keep abreast with it. Consequently, the management has to decide where and when to apply technologies best. Furthermore,

of knowledge aims. In order to achieve these conditions the different kinds of knowledge within a company have to be analyzed, first of all. For example, one has to differentiate between information related knowledge and communication related knowledge.

Similarly, individual knowledge is different from the knowledge of groups or branches. A company culture which creates an awareness of the factor knowledge and, at the same time, creates ways of knowledge exchange - communities of interest, intranet - turns knowledge management into an integral part of the company. However, the most important factor is the individual person, each employee. Consequently, corporation leaders make much of obliging an employee - as a carrier of knowledge -



Heinrich v. Pierer, CEO, Siemens AG



John Naisbitt, President, Megatrends Ltd.



v. Pierer and Middelhoff

competitors apply similar high quality technologies, hence, the operating person becomes the decisive factor.

In the coming years knowledge management will be a challenge which will decide competition. The entrepreneurs have the opportunities to distinctively increase productivity, to optimize the use of resources, to find solutions - which also meet the requirements better - faster, to use existing potentials better and to communicate more target orientated. Beside the opportunities an introduction of knowledge management implies, the risks have to be presented to

"There is a need to form a new understanding of technology, an understanding that takes into account art, philosophy, religion and ethics."

John Naisbitt

"Every profit center is a knowledge center."

Thomas Middelhoff

everyone concerned as well.

It is extremely important that the management supports and identifies with the introduction of knowledge management and acts against latent uncertainties which are the result of a beginning transparency of processes and structures.

How to deal with freely accessible knowledge very often requires a preceding training. At the same time it is necessary to keep the identity of teams or organizational units intact, which is endangered by the high transparency. Only an existing identity can create the confidence which is a prerequisite and long-term basis for informal networks.

Furthermore, a strict assignment of responsibility and competence has to be

guaranteed. The company has to activate and integrate knowledge and has to find a balance of perspectives; structurally implied contradictions have to be deleted and experiences have to be documented. In the coming years, the ability to use knowledge efficiently, to develop it continuously and to transfer it into products and services will dominate the competition increasingly.

The speakers reached the conclusion that an efficient usage and continuous development of the existing knowledge in the companies can free enormous potentials of cost-reduction and growth; an effect which could not have been achieved with conventional concepts of reorganization and a 'slim line'.



Thomas Middelhoff, CEO, Bertelsmann AG*



Thomas Middelhoff listening to the point of Prof. Gilbert Probst

"If your competition has the same high technology you do, the only way to differentiate yourself is through high touch."

John Naisbitt

*Key Success Factors for KM by Pixelpark Consult (Bertelsmann holds 75% of Pixelpark); Page 62

ORGANIZATIONAL STRUCTURES - THE FOUNDATION OF THE KNOWLEDGE-BASED SOCIETY

In light of the increasing importance of knowledge as a factor in the business value creation process and the forward march of globalisation, novel demands are being placed on organisational cultures and structures. One thing which is clear is that the mere provision of information technology cannot be mistaken for the creation of new organisational forms. Restructuring is taking place to adapt to knowledge-intensive production and is a phenomenon which anchors knowledge-based organisation and plays a tremendously important role in global competition. The distance between regions means that employees and partners no longer meet as often as was the case in traditional organisational structures.

The corresponding decrease in the opportunity for interaction attaches increased importance to the creation, maintenance and reinforcement of co-operative relationships to guarantee the transfer of knowledge. Members of teams and networks working far apart must have the ability to access the knowledge of others as well as of earlier projects at any time via modern information technology in order to increase the efficiency of the work process.

In addition, the transition from the traditional hierarchical structure to new, competence-based hierarchies can make it possible for employees to contribute a greater share of their energies and creativity to the productive process.

Alongside the use of modern IT systems, the elimination of internal corporate constraints and the creation of latitude for employees are prerequisites for the optimal management of intellectual capital.

Leading edge companies have shown how to gain a competitive advantage by sharing and using knowledge in a new way. Two successful strategies were identified. Codifying and reusing knowledge through computers, and channeling individual expertise through people networks.

Companies can deliver better products and services by excelling one strategy. Trying to do both equally well undermines performance.

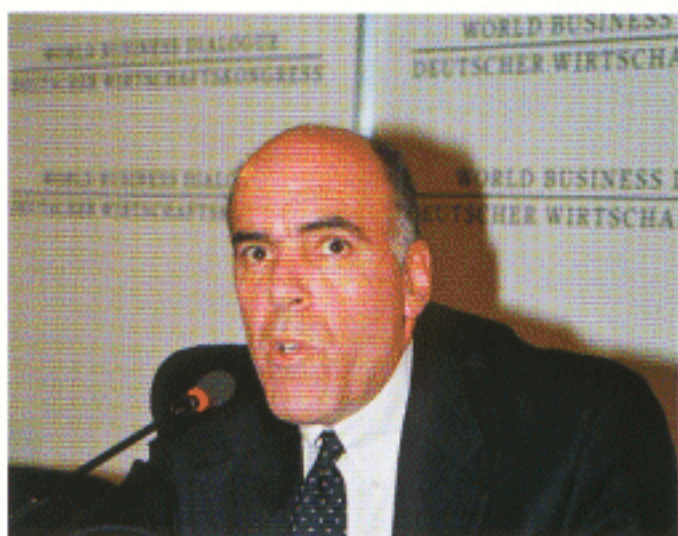
To support the process of knowledge creation, a foundation is required. Such



Roger May (r.), CEO, Ford Global Technologies



Prof Gilbert Probst, HEC-University, Geneva



Laurence Prucak, Competency Leader in Knowledge Management, IBM Consulting Group

foundations for knowledge conversions can be understood through the Japanese concept of „Ba“ (equivalent to place). This is a shared place for emerging relationships. It can be physical, virtual, or a mental place.

Such learning arenas and knowledge networks will superimpose themselves on existing structures and process organisations and control the learning processes within companies.

“Learning arenas and knowledge networks will superimpose themselves on existing structures and process organisations and control the learning processes within companies.”

Prof Gilbert Probst



The panel-discussion