Chapter 15
Leadership and Management Implications

ABSTRACT

This final chapter consolidates the learning through the book into a set of implications that are essential for the leaders and managers of today and tomorrow. The authors begin with a summary of the most important key ideas articulated in the book. These ideas are targeted toward leaders and managers for action and attention. A focused agenda of future research along these lines is outlined in turn. This agenda is targeted toward researchers to develop new knowledge that will guide leaders and managers seeking to harness dynamic knowledge principles for competitive advantage in the technology-driven world. They conclude with a concise summary of summaries: sage aphorisms that can be committed to memory, written on index cards, and scrolled across organization social media feeds as a reminder of where to focus time, money, and talent.

MOST IMPORTANT KEY IDEAS

Part I of the book outlines its intellectual basis centering on Knowledge Flow Theory (KFT), which encompasses a large body of research articulating principles of knowledge dynamics to understand and explain how knowledge “moves” through an organization. As understood within such principled rubric, knowledge enables action; action drives performance; and performance supports competitive advantage. Leaders and managers need to focus on knowledge, because it lies on the critical path of organizational action, performance and competitive advantage through the work that it enables.

The first chapter focuses on how the power of dynamic knowledge principles can be harnessed for competitive advantage in the technology-driven world. In it we look at how knowledge enables competitive advantage and discuss the nature of knowledge flows. Succinctly it is difficult to find an organization that is not interested in competitive advantage in today’s dynamic, global, highly competitive environment. Many organizations seek to compete still on the basis of traditional economic inputs (e.g., land, labor, capital), but any competitive advantage that can be obtained therethrough is likely to be ephemeral; substitution of such inputs enables imitation by competitors. Likewise with competition based on IT; where others can
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buy, build and integrate IT similarly, imitation by competitors can ensue readily. Information and explicit knowledge suffer from this same dilemma too; unless they can be kept secret, there is little to prevent imitating competitors from erasing any competitive advantage that may obtain.

Alternatively, tacit knowledge, particularly knowledge that is specific to a particular person, organization, market or domain, is not as susceptible to loss. Gained principally through experience and accumulated over time, personal and organizational capabilities based upon tacit knowledge are difficult to imitate, even if observed directly by competitors. This makes such tacit knowledge highly appropriable, and hence the associated knowledge-based competitive advantage is more likely to be sustainable.

The implication for leaders and managers should be clear. Like hygiene factors (Herzberg et al., 1959), land, labor, capital, IT, information and explicit knowledge are all necessary to compete, but they are unlikely to be sufficient, at least in the long term. Organizations will need to acquire, develop, manage and integrate all of these bases of competition effectively in order to simply not lose in competitive arenas and fall behind competitors, but such bases are not highly appropriable, and imitation will make any competitive advantage that obtains ephemeral. Hence the organization should invest sufficient time, money and talent in these bases to match the performance of competitors, but anything more is likely to be unproductive in terms of competitive advantage. In contrast, leaders and managers should invest all additional time, money and talent in appropriable tacit knowledge—of individual people, cross-functional teams and whole organizational units.

The second chapter focuses on how flows of knowledge differ, importantly, from flows of information and data. Clearly each layer of the Knowledge Hierarchy is important individually. One must have reliable signals in order to manage data proficiently; one must have reliable data in order to manage information proficiently; and one must have reliable information in order to manage knowledge proficiently.

Additionally, it is important to develop and support the knowledge processes for moving vertically, up and down this hierarchy, through what we describe as vertical knowledge flows. Converting signals to data, through information, to knowledge is critical to individual, group and organizational learning, but converting tacit knowledge to information, through data, to signals is equally critical to individual, group and organizational teaching. Moreover, since effective teaching can accelerate effective learning, the value of flows in both directions, up and down the hierarchy, should be clear. Leaders and managers need to invest in vertical flows up and down the Knowledge Hierarchy.

The third chapter focuses phenomenologically on the dynamics of knowledge flows, examining the organizational processes responsible for knowledge flows, their dynamic patterns, and temporal interactions between knowledge flows and workflows. Thinking of knowledge with a Physics lens as having inertia and requiring work for movement is useful. Organizational analogs to mass, friction, energy and like concepts affect how fast and how far knowledge will move, and how much time, money and talent need to be invested in order to effect its movement. Such investments focus on knowledge flow processes, which cause knowledge to move from where and when it is to where and when it’s needed. If a knowledge flow process is not performed (or not performed well), then the associated knowledge does not flow (well). Examples of knowledge flow processes include educating, training, researching, contemplating, discussing, mentoring, observing, reading, working via trial and error, and others. In addition to processes associated with flows of work (e.g., marketing, designing, engineering, manufacturing, supporting), leaders and managers need to focus on and invest in processes associated with flows of knowledge. In a great many
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