

- Be responsible for valuing and protecting their company's *tangible* blocks of knowledge.
- Be responsible for licensing activities associated with their company's *tangible* blocks of knowledge.
- Be responsible for the establishment of knowledge standards that their strategic businesses must achieve.
- Market Value improvements made possible by *tangible* Knowledge Blocks will result in the achievement of sustainable worldwide competitive advantages for their company's strategic businesses.
- Manufacturing process benchmarking converted to *tangible* Knowledge Blocks will reveal optimum processes that ensure the worldwide manufacturing competitiveness of many businesses.
- The success rate of R&D will dramatically improve as a direct result of *tangible* Knowledge Blocks. This is because R&D will be spent on developing and commercializing envisioned products and services.
- Market models that explain past, present and future market behavior will be developed as a direct result of *tangible* Knowledge Blocks. Market models are required to enable people to envision the future.
- Business success will be defined as Market Value leadership. Market Value is the controlling metric that correlates with market share and profitability.
- A very long period of GNP growth will result because of future best practices KM. The entire world will benefit because growth will be based on advanced products and services and the opportunity for knowledge creation is universal and infinite.
- Pricing of goods and services will be based on Economic Value rather than cost. Economic Value will be more important because of the growth of differentiated products and services. ■

### Future KM Standards

The future best practices of KM will establish the following standards. KM standards answer the question: "When is Knowledge Management performance excellent?"

- KM will produce dramatic productivity improvements that are achieved because new *tangible* Knowledge Blocks enable professionals to effectively envision and create the future of their company's strategic businesses. False starts and wasted efforts will be greatly reduced.

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### About Kesting Ventures

Since 1984, the mission of Kesting Ventures Corp. has been to develop, improve, record and facilitate the problem-solving methodology required by R&D, marketing and commercial development specialists.

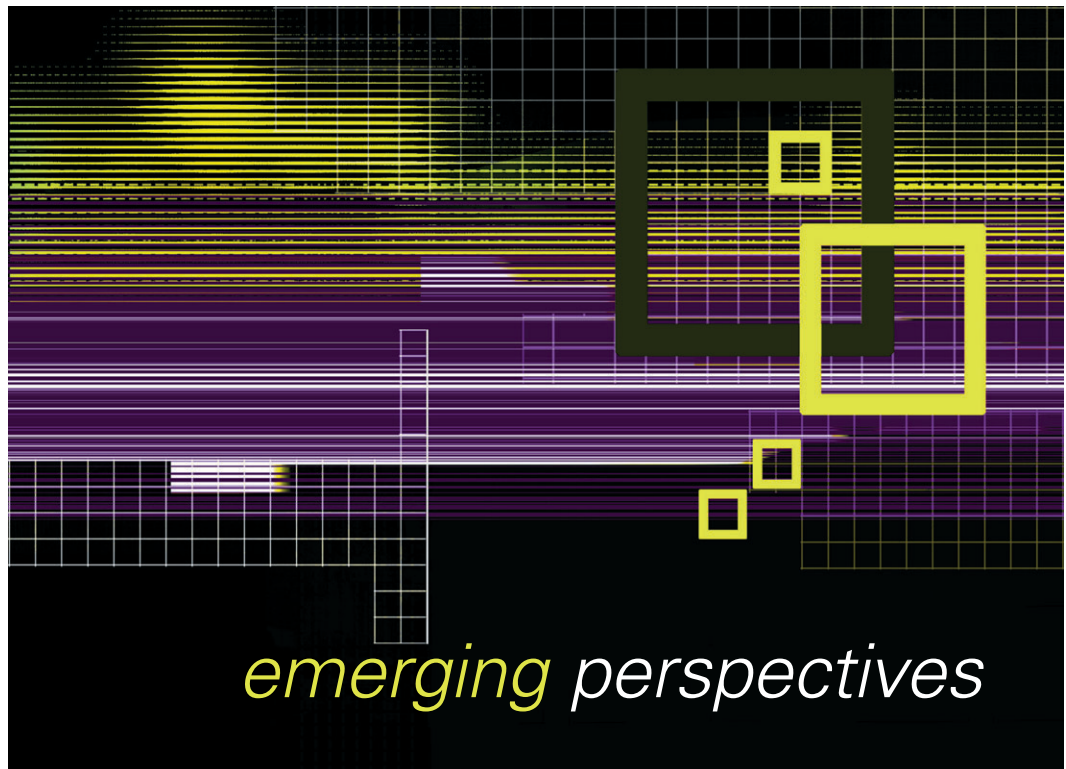
The powerful problem-solving methodology of Experiential Modeling embodied in KVC's Extend® and Start® Programs enable your organization to form specific operational plans for entire businesses, envision and then invent new products and technologies – even renew the growth of existing businesses.



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# Future Best Practices of Knowledge Management (KM)



**Kesting Ventures Corp.**  
*market value system programs*

## There is much confusion today about the function of Knowledge Management (KM)

Managers recognize that their company's future growth depends on its ability to manage knowledge. However, their company is just getting started and they would benefit by learning about the future best practices of KM.

Author Gene Bellinger<sup>1</sup> would have an excellent explanation of KM if he differentiated information from knowledge and described how knowledge can be created. Like most authors, he equates information with knowledge.

Bellinger says that the value of KM relates directly to the effectiveness with which managed knowledge enables members of an organization to deal with today's situations and effectively envision and create their future.

Bellinger also says that without on-demand access to managed knowledge every situation can only be addressed by what each individual brings to the situation. With on-demand access to managed knowledge, each situation can be addressed by the sum total of everything anyone in the organization has ever learned about a similar situation.

But what if new knowledge is required to solve complex business, technology or market puzzles? Shouldn't KM also be responsible for the creation of knowledge? And how do information and knowledge differ?

### Knowledge Management – Fad or Future?

T. D. Wilson<sup>2</sup>, Professor Emeritus, University of Sheffield, UK, thinks that the KM idea is, in large part, a management fad, promulgated by certain consultancy companies, and the probability is that it will fade away like previous fads.

KM is here to stay. Knowledge is a human capability and hence its management can't be a fad. The problem is that today's KM managers have mistakenly focused on the HR and IT functions.

To achieve its goal, KM needs to be a completely new function with its own goals and objectives. HR, IT and KM should work together to enable people to accelerate business growth and profitability.

Knox Haggie and John Kingston<sup>3</sup>, School of Informatics, University of Edinburgh, predict that organizations will not survive in the modern knowledge era unless they develop strategies for managing and leveraging value from their intellectual assets and many KM lifecycles and strategies have been proposed.

It is likely that companies which learn to create tangible knowledge assets will become future market value leaders. The fact that intellectual assets are intangible is why there is so much confusion concerning the role of KM and why companies find it difficult to leverage and manage their intellectual assets.

Haggie and Kingston say that it has become clear that KM has been applied to a very broad spectrum of activities designed to manage, exchange and create or enhance intellectual assets within an organization, and that there is no widespread agreement on what KM actually is.

IT applications that are termed "KM applications" range from the development of highly codified help desk systems to the provision of video conferencing to facilitate the exchange of ideas between people.

### Knowledge Management Misconceptions

It's clear from existing KM literature that there are many misconceptions and a lack of definitive definitions regarding KM.

In particular, there is not a good and agreed-to definition of knowledge.

Managing knowledge to enable people to envision and create future businesses is the worthwhile goal of KM. To accomplish the KM goal, useful definitions of information, know-how and knowledge

are needed. Today's prevalent definitions are most likely thwarting progress towards accomplishing the goal of KM.

For example, dictionary definitions of information and knowledge have hindered rather than helped the progress of KM.

Information is defined as "knowledge derived from study". Knowledge is defined as "familiarity, awareness or understanding gained through experience or study". It's no wonder that those who want to achieve the KM goal have been misled by these definitions equating information with knowledge.

In 1966, chemist Dr. Michael Polanyi<sup>4</sup> suggested that the shaping and integrating of experience in the pursuit of knowledge is the great and indispensable **tacit** power by which all knowledge is discovered and, once discovered, is held to be true.

Polyani suggested that there are two types of knowing. One type is **explicit** knowing and the other type concerns the tacit or hidden power to integrate experience and derive a conclusion.

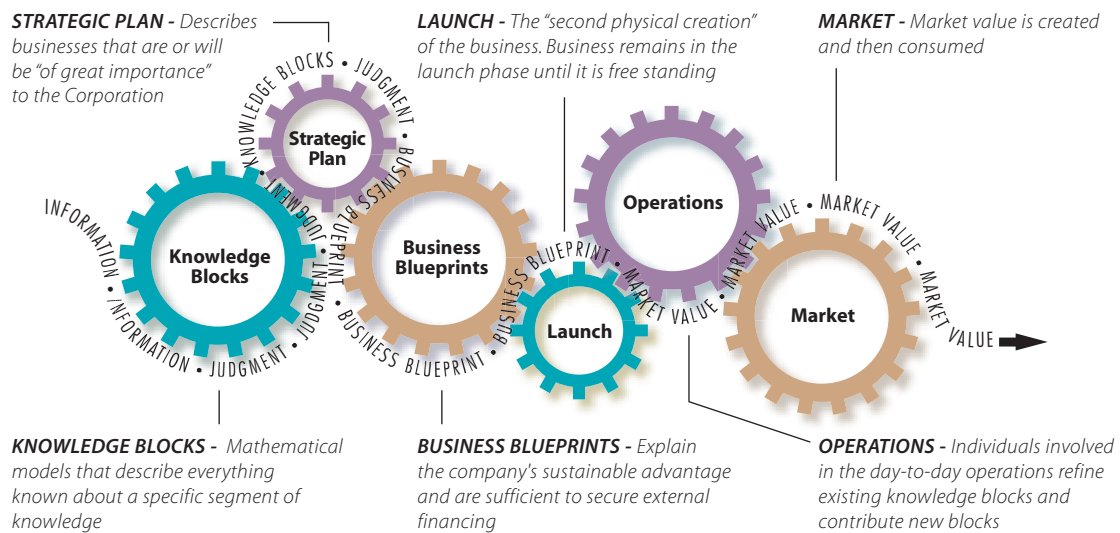
However, Polanyi did not clearly differentiate the definitions of knowledge and information.

This led authors to debate whether tacit information could be recovered and added to explicit information to enable all information to be managed. It is no wonder that authors have been mistakenly led to equate KM with IT.

### References –

1. Gene Bellinger, Knowledge Management – Emerging Perspectives, [www.systems-thinking.org](http://www.systems-thinking.org)
2. T. D. Wilson, The Nonsense of Knowledge Management, Information Research, Vol. 8 No. 1, October 2002
3. Knox Haggie and John Kingston, Journal of Knowledge Management Practice, June 2003
4. Michael Polanyi, 1966, The Tacit Dimension – Anchor Books

## Knowledge-Based Renewal & Development



### Useful KM Definitions

In 1984, KVC's founder, William R. Kesting, was the first author to suggest that information and knowledge are different.

Kesting believes that knowledge is far more complex than information and requires judgment. Kesting developed a scientific method called Experiential Modeling to use judgment to create mathematical models of complex relationships. Kesting accessed and sorted explicit information and used it to stimulate the thinking of people who were working in the frontier of business, technology and market sciences. KVC introduced the new term of *tangible* Knowledge Blocks.

Kesting Ventures offers KM the following definitions:

**Information** consists of facts, figures and data produced through scientific, market and business research. Information is only valuable when it is sorted and structured.

**Know-how** consists of professional experience in a field of interest that is directly related to target technologies and/or markets. Know-how is by far the largest component of a company's intellectual property. Know-how is not the same thing as knowledge.

**Knowledge** is the reasoning ability that people use to accomplish tasks. Knowledge is an intangible asset. To solve a puzzle, all necessary tasks must be identified and properly linked together. For many complex puzzles either the path to the solution or tangible knowledge to accomplish one or more tasks might not exist. When this happens, people with know-how must be assigned to the additional task of creating tangible knowledge before either the path to the solution of the puzzle can be decided or one or more tasks completed. Otherwise the puzzle can't be solved.

**Knowledge Blocks** are mathematical models of pieces of a business, technology, or market puzzle that can be linked together to produce the puzzle's solution. Knowledge blocks include supporting explicit information and all of the workbooks that were used to facilitate knowledge block creation. Since Knowledge Blocks are *tangible* assets, Knowledge Blocks can be managed.

Kesting Ventures believes that KM is the function that should be responsible for establishing policies and standards that foster and facilitate the definition, creation, leveraging and management of *tangible* blocks of knowledge and knowledge-based systems that utilize the Knowledge Blocks.

### Future KM Policies

The future best practices of KM will be based on the following policies. KM Policies are the guiding principles of KM functions. In the future, Knowledge Management will –

- Be established as a separate function that is independent of Planning, HR and IT. Companies will appoint a Senior VP to oversee and direct tangible knowledge block creation, use and dissemination.
- Define knowledge as specific tangible blocks of knowledge that are based on the judgment of professionals who are working in the frontier of technologies and markets that are strategic to their company's future.
- Identify all blocks of knowledge that are required to enable professionals to effectively envision and create the future of strategic businesses.
- Require strategic businesses to create and use specific *tangible* blocks of knowledge to manage their businesses.
- Be responsible for the knowledge block designs and procedures that their company's strategic businesses use to create specific *tangible* blocks of knowledge.

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