People-Focused Knowledge Management

How Effective Decision Making Leads to Corporate Success

KARL WIIG
Further Praise for *People-Focused Knowledge Management*

“Drucker may point the way of a knowledge economy, a knowledge business, a knowledge worker, but Karl Wiig instructs us precisely how to take advantage of a dynamic knowledge strategy. In *People-Focused Knowledge Management*, he simplifies the complex, makes the concepts relevant and actionable and leaves the (inevitable) results to us. Finally, we have a resource for creating a compelling knowledge value proposition linking economics, behavior and technology. For decades, his remarkable graphics and penetrating analysis has been a cornerstone for managerial excellence in all corners of the globe and all sectors of the economy. Few can match his roots and vision in this field; and no one will be disappointed with this newest triumph.”
— Debra Amidon, Founder and CEO, Entovation International, Ltd., and Author of *The Innovation Superhighway*

“Melding theory with application, Wiig has created an invaluable ready reference for everyone who works in the knowledge management arena. He is uniquely qualified to provide such a thorough and thought-provoking analysis of the role of knowledge and knowledge management in meeting the business challenges that we all face.”
— Alex Bennet; Mountain Quest Institute; Co-Author of *Organizational Survival in the New World: The Intelligent Complex Adaptive System*; former Chief Knowledge Officer of the U.S. Department of the Navy

“This book distills the practical and theoretical wisdom of one of the true pioneers in the field of Knowledge Management. The constant interplay of case analysis and fundamental propositions signals the coming of age of the discipline. It takes seasoned practitioners and students alike to the strategic and systematic perspective of management that is required to release the power of knowledge in action.”
— Francisco J. Carrillo, Professor of Knowledge Management, Center for Knowledge Systems, ITESM

“In *People-Focused Knowledge Management*, Karl Wiig goes beyond the boundaries of traditional knowledge management and integrates this with recent cognitive research on such diverse subjects as mental models, narrative, conceptual blending, decision theory, and sense making, in a very comprehensive treatment.”
— Steve Denning, Author of *The Springboard*

“Karl Wiig’s understanding of the human and organization dynamics of KM is unsurpassed. His decades of experience and insight are captured in this seminal work.”
— Carla O’Dell, Ph.D., President, APQC

“When it comes to weaving together theory and practice, Karl Wiig is a master! *People-Focused Knowledge Management* illustrates this beautifully. In it he integrates management philosophy with company specific illustrations, cutting edge epistemological theory with specific knowledge management strategies, and current psychological research with operational details. The depth of Wiig’s analysis is unusual, and the fact that he carries the analysis all the way to concrete actions makes this book an especially valuable addition to the growing literature on knowledge management. A feast for the mind as well as the enterprise!”
— Sue Stafford, Professor and Chair, Department of Philosophy, Simmons College
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Karl M. Wiig
Knowledge Research Institute, Inc.

AMSTERDAM • BOSTON • HEIDELBERG • LONDON
NEW YORK • OXFORD • PARIS • SAN DIEGO
SAN FRANCISCO • SINGAPORE • SYDNEY • TOKYO
An imprint of Elsevier
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ACKNOWLEDGMENTS

This book could only be possible by the continued support by Elisabeth, my wife of many decades, who with her own research, deep insights, and collaboration has encouraged my investigations and allowed me to channel my efforts into this venture.

I am also grateful for the support of Serina Lai and her associates at Angel Net Universal Company, Ltd.

For the insights and contents of this book, I thank my many clients and professional collaborators over the past 40 years. They have continually pointed me in directions — and shown me solutions — that for the most part would have eluded me. I am particularly indebted to those organizations, some with which I have not worked, that by their examples demonstrate the enduring power of leadership that combines people-friendliness with business savvy, requirements for perfection, and intolerance for foul play.

Several of my teachers of the past changed and broadened my perspectives, providing lasting influences, even though some encounters were brief. I particularly wish to recognize Russel Ackoff, the late Donald Ekman, Edward Lawler, and Irving Lefkowitz.

I am also beholden to the researchers and thinkers in many fields whose works have influenced and strengthened my convictions. They made it possible to “stand on their shoulders,” and many of their contributions are referenced in this book.

The book includes examples and case histories without attributions. Most are modified to fit the topics they illustrate, and some might be recognized by their originators. I am thankful for their contributions.
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PREFACE

This book is based on some fundamental beliefs about what makes a great enterprise:

- Organizational performance is primarily a result of effective actions by knowledgeable people (Pfeffer 1995), and therefore good knowledge management is crucially important.
- People act effectively when they understand situations and the contexts within which they operate, are motivated, and have appropriate resources.
- When people are treated “right,” productivity advantages may exceed 25 percent (Lawler 2003).
- Employees imitate as role models their leaders whose behavior reflects their basic philosophies.
- All employees must be held accountable for their actions, and everyone must be part of the enterprise’s governance.

PEOPLE Acquire, Possess, and Use Knowledge in Remarkable Ways!

This book builds its case on our present understanding of how people work with their minds, the role of knowledge in conducting work, and how that translates into effective actions for the enterprise, the people themselves, and other stakeholders. It also builds on understanding recent cognitive science and management theories, resulting in new insights that have replaced conventional thinking and in premises such as the following:

- Conceptual integration (blending) of prior knowledge into new mental models that are applicable to new situations represents a unique human aptitude — not a preprogrammed function that operationalizes prior knowledge as has mistakenly been