



When Bad Things Happen to Good Ideas



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Despite the great technological changes of the past fifty years which have enabled organizations to gather, analyze, process, store, alter, and communicate information more efficiently than ever before, the relationship between organizational learning and organizational knowledge have remained the same. The base dynamics between the latter two are chiefly influenced by how groups of individuals differently perceive organizational interests, evaluate self interest in relation to perceived organizational interests, the affinity between varying personality types, factional/political alliances within the organization, and their underlying social, political, and economic environments. Many people erroneously confuse organizational learning and organizational knowledge as the use of technology, business processes, and other potential courses of action that may result after strategic decisions are made. This may lead to episodes where an organization shifts attention away from its primary goal of making money.

Knowledge management is part of IT strategy which is merely a component of overall business strategy. From a corporate perspective, information technology is useless unless it is properly leveraged to bring about a determined result that is conducive towards making profits in the marketplace. When the strategic thinking is not grounded in business strategy but is overly influenced by IT strategy, it is more likely that a company will be seen as a cutting edge innovator but that it will ultimately suffer financially. This phenomenon where there IT strategy dictates overall business strategy is sometimes described as “IT myopia”. Similar phenomena also occur in other business departments thus spurring “marketing myopia”, “product myopia”, etc.



Ex. 1 – New Factory Manager (CartoonStock.com)

" Unfortunately, this is knowledge management (KM) today—a good idea gone awry. KM has fallen victim to a mixture of bad implementation practices and software vendors eager to turn a complex process into a pure technology play. The result: Like many a business concept, KM has evolved from a hot buzzword to a phrase that now evokes more skepticism than enthusiasm." (Berkman)

Larry Prusak, executive director of IBM's Institute for Knowledge Management, cites a variety of examples during recent years where projects whose stated goal was to improve the quality of knowledge management thus further enhancing productivity by leveraging the intellectual capital of its workforce became nothing more than technological exercises that did not bring any return in investment whatsoever. He cites the example of Nynex who after having merged with Verizon and Bell Atlantic embarked on a costly IT system overhaul.

" The company, says Prusak, wasted tens of millions of dollars trying to build a system that would store the expert knowledge of its most valuable employees. The trouble was, the systems couldn't reproduce the problem-solving processes of its experts. "[Nynex] didn't think through what an expert knows and why they're experts in the first place," says Prusak." (Berkman)

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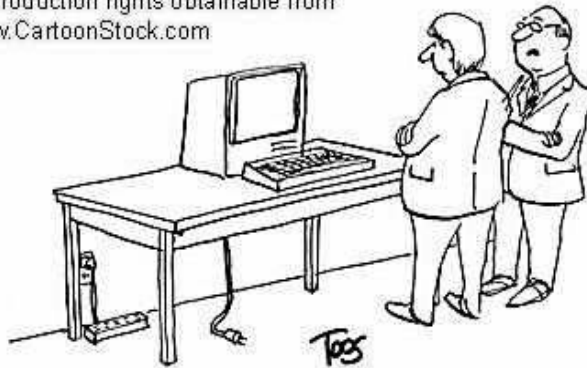
Larry Prusak 's cited examples are definitely situations where IT strategic thinking seems to have trumped conservative business strategy. Although it may be looked at a good idea of what not to do, it would be unfair to label Nynex's overhaul project as a complete failure since long-term statistics showing the synergistic productivity enhancements made possible by the Verizon/Bell Atlantic merger and the subsequent IT overhaul are not yet available .



Ex. 2 – New System (CartoonStock.com)

It is reasonable to assume that in three to four years a portion of the investment in this project will be recouped due to the enhanced productivity as a result of this project. Furthermore, one could also view the IT overhaul as a necessary sunk cost necessary to complete the technological integration of the different companies participating in the merger. Prusak does not reference the market synergy deriving from such a merger as well as the return on investment that would follow from the greater economies of scale now made possible by the merger.

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**"Nah, it can't just be that the plug's out.
That would be too simple and inexpensive."**

Ex. 3 – Inexpensive Solution (CartoonStock.com)

“But this doesn't mean KM is a worthless concept. There are real business reasons—like increased productivity, worker collaboration and shorter product development cycles—to keep track of who knows what. Thus, experts predict that KM practices won't go away; rather, they may become embedded in other disciplines, such as customer relationship management or enterprise resource planning.” (Berkman)

This recent growing interest in organizational learning and organizational knowledge is the attempt by people to better understand and adapt to ever quickly changing economic situations in an attempt to maximize competitiveness. In the for profit private sector there are a lot of factors that influence business success. The ability to understand the needs of the market and to provide a product or a service efficiently to meet those needs so that you can spend less money than you make is paramount. I believe that focusing too much on what one may think are organizational learning and organizational knowledge one may develop myopic thinking that is counterproductive to competitiveness.

Sometimes successful companies have no pan-organizational information gathering processes whatsoever and seem to base their decisions on the intuition of their management. Other times, firms that have the most advanced, real-time, accurate organizational knowledge are not able to transmute it into financial success. Having all the organizational knowledge in the world is no guarantee that an organization will be able to achieve success and vice-versa.

“Unfortunately, there's no universal definition of KM, just as there's no agreement as to what constitutes knowledge in the first place. For this reason, it's best to think of KM in the broadest context. Succinctly put, KM is the process through which organizations generate value from their intellectual and knowledge-based assets. Most often, generating value from such assets involves sharing them among employees, departments and even with other companies in an effort to devise best practices. It's important to note that the definition says nothing about technology; while KM is often facilitated by IT, technology by itself is not KM.” (Santusos)



"Where's the pioneering spirit that got us two billion dollars in debt?"

Ex. 4 – Pioneering Spirit (CartoonStock.com)

Despite the great technological changes of the past fifty years which have enabled organizations to gather, analyze, process, store, alter, and communicate information more efficiently than ever before, the relationship between organizational learning and organizational knowledge have remained the same. The base dynamics between the latter two are chiefly influenced by how groups of individuals differently perceive organizational interests, evaluate self interest in relation to perceived organizational interests, the affinity between varying personality types, factional/political alliances within the organization, and their underlying social, political, and economic environments. Many people erroneously confuse organizational learning and organizational knowledge as the use of technology, business processes, and other potential courses of action that may result after strategic decisions are made. This may lead to episodes of “information management myopia” or “technology myopia” in an organization which historically shift attention away from a corporation’s primary goal of making money.

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