

Chapter 4

How the Best Companies in the World and Their Employees Are Winning With Knowledge–Driven Cultures

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ABSTRACT

When a company encodes the creation and maintenance of knowledge into its values and behaviors in a way that supports continuous improvement and learning, they are truly knowledge-driven. These knowledge-driven organizations are proven to be better at making decisions. When companies make better and more transparent decisions, their employees are more engaged, and their customers are more successful. Ultimately, knowledge-driven cultures increase revenue, bring products to market more efficiently, streamline internal communications, and onboard new hires faster. The best companies in the world operate this way – learn how they do it.

INTRODUCTION

“Knowledge is power,” a quote accredited to Francis Bacon in the 16th century, has moved from insight to cliché. In fact, one could argue it has taken on an interpretation that is the opposite of the one Bacon intended. Bacon, a philosopher known as an ardent proponent of humanism—which champions the equality of all human beings—believed not only in the power of organized, repeatable, empirical knowledge but also in its ability to improve the human experience.

Implicit in “knowledge is power” today is a sense of hoarding that knowledge for one’s own personal benefit, or power. While that might often be a successful strategy on a micro-level, the broader

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success of modern organizations is contingent on reimagining what knowledge can mean on a macro level. World-class organizations promote cultures of knowledge sharing, creation, and collaboration—leveraging their collective knowledge to empower people to drive towards better outcomes as a unit. In a knowledge-driven culture, information is not hoarded or siloed - it is applied and shared across every decision made in an organization.

So, what are the definitive characteristics that separate good companies from great companies? In analyzing and collecting data from some of the fastest growing and most successful companies in the world, a non-obvious answer might start to emerge. Could it be culture—or the very fabric of a company and how they operate that is the biggest indicator?

The term “culture” might draw on the importance of a values-driven culture, which refers to the ideals that a company expresses and reinforces as an entity. But there’s a facet of culture that these companies in the world have begun to embrace, and it is that of a knowledge-driven culture. The companies that understand this not only embrace it, they hold it as a core pillar to how they operate as a company. Knowledge is power for these organizations, and on a collective level.

This chapter will review current challenges facing organizations today that are preventing them from leveraging the knowledge they have to be as effective as possible. In addition, it will examine some of the negative consequences organizations face as a result of under-investing in knowledge. Research from fast growing organizations will be shared, and the four components of a knowledge-driven culture will be shared and discussed.

BACKGROUND

Organizational culture has an impact on many outcomes within an organization, and the success of knowledge management initiatives is no exception (De Long & Fahey, 2000). Organizational culture has been defined as the values, views, and operations that are defined over time amongst a group (Schein, 2017). It influences the outcomes with the organization by defining acceptable practices, behaviors and conduct. For new processes to be adapted by the organization, they will either need to conform to the existing culture in place, or the culture will need to be adapted to accommodate the new process. The culture will shape how individuals create, use, and share knowledge (De Long & Fahey, 2000). In the case of knowledge management, a culture that supports knowledge-sharing and knowledge re-use will be required. Companies that have successfully implemented knowledge-sharing and other knowledge management practices see this as a critical way for their company to solve problems and reach their goals (McDermott & O’Dell, 2001). In a culture that prioritizes knowledge sharing, the opposite behavior, knowledge hoarding, is seen as a violation of the culture and is not tolerated (McDermott & O’Dell, 2001).

THE TRENDS DRIVING THE NEED FOR KNOWLEDGE-DRIVEN CULTURES

There are many recent trends highlighting the need for knowledge-driven cultures. Over the last several years, a lot of changes have led companies to recognize this as critical and central to how they operate. The first is the rate of change within an organization. One clear way to see that rate of change in action is to examine product development. Almost every organization builds some sort of product and releases it, whether it is physical or digital. With each release, all the information surrounding that product and

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