



## **Chapter IX**

# **Inducing Enterprise Knowledge Flows**

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### **ABSTRACT**

*The knowledge-based organization appears to offer great promise in terms of performance and capability. Indeed, many researchers are actively working to understand how organizational strategy, structure and technology can be combined and integrated to harness the competitive power of knowledge. However, knowledge is not evenly distributed through the organization, so rapid and efficient knowledge flow is critical to enterprise performance. This chapter builds upon the current state of the art pertaining to knowledge flow, and it develops a model to help induce the flow of knowledge through an organization. Because of the time-critical nature of most knowledge work in the modern enterprise, we focus in particular on knowledge dynamics, to enable rapid and efficient flow, and to help the enterprise become more knowledge-based. Using a global manufacturing firm as an example to illustrate how the knowledge-flow model provides practical guidance, we identify knowledge elements that are critical to effective performance in an unpredictable, dynamic business environment, and we use the multidimensional model to illustrate how to identify specific knowledge flows required for success. Further analysis*

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*reveals that different knowledge flows require different approaches in terms of IT and process changes — with the attendant insight that one size does not fit all in terms of knowledge management — and a specific focus on clumped knowledge and constricted flows enables the experienced manager to work through the necessary interventions—often with the set of tools and processes already present in the organization. We also illustrate how the multidimensional model can be augmented to depict the relative flow times associated with various knowledge elements, which provides a rough schedule as well as a roadmap to use for planning requisite knowledge flows for the knowledge-based organization.*

## INTRODUCTION

It is axiomatic to say, “knowledge is power” when referring to individuals in the workplace, but the practice of **knowledge management (KM)** purports to take the power of knowledge to the group, organization and even enterprise level (Davenport & Prusak, 1998). Although this potential benefit of KM is not viewed universally (cf. Gore & Gore, 1999; McDermott, 1999), many scholars (e.g., Drucker, 1995) assert that knowledge represents one of the very few sustainable sources of **competitive advantage**. Hence the **knowledge-based organization** — one that competes on the basis of its differential knowledge [e.g., see Grant (1996) for discussion of the knowledge-based view of the firm] — appears to offer great promise in terms of performance and capability. Indeed, many researchers are actively working to understand how organizational strategy, structure and technology can be combined and integrated to harness the competitive power of knowledge [e.g., see Augier et al. (2001), Birkenshaw et al. (2002), Brown and Duguid (1991), Hargadon and Fanelli (2002), Kogut and Zander (1992), Leonard and Sensiper (1998), Levitt and March (1988), Nonaka (1994), Swap et al. (2001), and Thomas et al. (2001)].

The knowledge-based organization must be able to apply substantial knowledge, when and where it’s needed, to effect organizational goals. However, knowledge is not evenly distributed through the organization, so rapid and efficient **knowledge flow** is critical to enterprise performance. The larger, more geographically dispersed, and time-critical an enterprise (e.g., global manufacturing firms, telecommunication and software companies, military forces), the more important knowledge flow becomes in terms of efficacy. Unfortunately, our collective knowledge of how knowledge flows is quite primitive (Alavi & Leidner, 2001). Lacking knowledge-flow theory and application for guidance, even enterprises with multimillion-dollar KM projects have difficulty seeing past *information* technologies such as intranets and Web portals. Further, Nissen et al. (2000) note such KM projects rely principally upon trial and error, one of the least effective approaches known.

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