



## Generations of Knowledge Management

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### Introduction

New ideas and new thinking is key to innovation and future survival, I think we need to reflect on the value of our existing business intelligence and corporate knowledge (lest we risk losing some of it). Therefore, I felt it was poignant of me to write a piece about Knowledge Management.

### What is Knowledge Management?



Although many of my readers will undoubtedly be well versed in the theory and practice of knowledge management, it's probably a good idea for all of us to begin with a common understanding. So let's begin at the beginning with a simple definition of what knowledge management is.

*Knowledge Management (KM) is simply the management of knowledge within organizations.*

Here I think it is worth further defining the difference between KNOWLEDGE, INFORMATION and DATA. For an organization, INFORMATION is the raw collection of business facts and figures that we use to operate our companies. Ordering and prioritizing the information into DATA modifies the information into a more usable format for making business decisions.

KNOWLEDGE is the awareness of and the understanding of the data and information that people have gained in the form of experiences and learning.

So information can be considered as a message. It typically has a sender and a receiver. Information is something that can theoretically be saved onto a computer. Data is a type of information that is structured, but has yet not been interpreted for meaning and relevance.



Knowledge might be described as information that has a use or purpose. Whereas information can be placed onto a computer, knowledge exists in the heads of people. Knowledge is information for which we have a function in mind.

***For example, with the right information we can build a car. If we have the right data, we can build the car more efficiently. With the necessary knowledge we can learn to drive it well.***

"Knowledge Management in companies deals with the issues of organizational evolution, endurance and competence in an environment of continuous change. Essentially, KM involves organizational processes that seek synergistic blending of data and information processing capacity of information technologies, and the creative and innovative capacity of people."

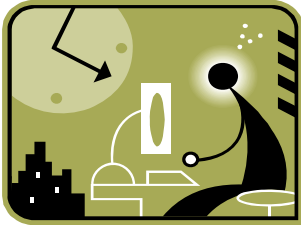
In simpler terms, Knowledge Management seeks to make the best use of the knowledge that is available to an organization, while creating new knowledge in the process.

We can further classify Knowledge Management into 2 separate branches or 'generations'.



## First Generation Knowledge Management

First generation Knowledge Management involved the collecting or 'capture' of information and experience so that it was easily accessible in a corporate environment. An alternate term is "knowledge capture". Managing this capture allows the system to grow into a powerful information asset and important business tool.



This first branch of KM was anchored to the use of technology. In this view Knowledge Management is an issue of information storage and retrieval. It uses ideas derived from systems analysis and management theory. This approach led to a boom in consultancies and in the development of so-called knowledge technologies.

Often first-generation KM involved creating complex data analysis and retrieval systems without much attention to how the information they contained would be developed or used. This led to organizations to invest a lot in technological remedies that had either little impact or even a negative impact on the way in which knowledge was used.

A typical scenario might have seen an organization install a sophisticated intranet in order to categorize and disseminate information, only to find that the extra work involved in setting up the metadata meant that few people within the organization actually used the intranet.

This occasionally led to management mandating the use of the intranet, resulting in resentment amongst staff, and undermining their trust in the organization. Thus first generation solutions were often counterproductive.

It became obvious that it would be useful to be able to manage knowledge, but it was a surprisingly difficult thing to do. This is essentially because knowledge is not a commodity but a process. Eventually Michael Polanyi recognized and identified the cognitive component of knowledge – **learning and doing** – by labeling it "*tacit knowledge*" and for the most part removing this implicit knowledge from the public view.

But as a result, learning and doing became a 'black box' that was not really subject to management by existing means; the best that could be done was to make tacit knowledge more explicit.



This failure to provide a working understanding of how organizations learn new things and how they act on this information meant that first generation Knowledge Management was not able to deal with new knowledge creation.

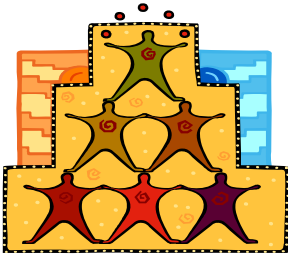
### ***Why is it important to be able to manage 'tacit knowledge'?***

Almost all organizations have or will suffer the effects of not managing tacit knowledge. Some examples might be, when key staff either retire, or worse – move on to a competing company, all of the knowledge that is in their heads about our business (but is not recorded someplace) is lost to us.

Our organization then not only experiences the loss of that key knowledge, but also loses the opportunity to learn from it and share it with others. Most organizations highly undervalue the importance of this ... that is at least until it happens to them.

## Second Generation Knowledge Management

Faced with the disappointment of first generation KM to live up to its promise, we began to look more closely at the ways in which knowledge is created and shared. Along came a new realization. Organizations were now viewed as capable of learning, and so a connection grew between learning theory and management.



Concurrent with this revelation, the traditionally concrete hierarchical models of organizational structure were being replaced by more flexible organic models, which see effective organizations as those being capable of structural change in response to learning from their environment.

Second generation Knowledge Management is then more concerned with the way that people create and use knowledge. It is closely related to organizational learning and it recognizes that learning and doing are more important to organizational success than the simple dissemination of information and imitation of so called 'best practices.'

I hope that you have found some of this information to be useful and look forward to seeing you next time. Good business to you.

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