

Knowledge Management

(session 2)

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<Recap>

What Is Knowledge Management ?

- ◆ An emerging discipline focused on the application of strategies, tools, and techniques, for improving the creation, acquisition, accumulation, sharing, protection, distribution, and exploitation of knowledge, intellectual capital, and intangibles, in the service of customers



<Recap>

Review From Session 1

- ◆ Nature Of Knowledge
- ◆ Tacit & Explicit
- ◆ Knowledge Based Economy
- ◆ Why the demand for KM ?
- ◆ Intellectual capital
- ◆ Structural capital
- ◆ Customer capital
- ◆ Intangibles



<Recap>

Economics Of Knowledge

- ◆ Knowledge “energy” contrasted with land, labour, and capital
- ◆ Generating wealth from intangible assets
- ◆ Increases with sharing and use
- ◆ Power of ideas & inventiveness
- ◆ Abundance & infinite recipes
- ◆ Increasing returns
- ◆ Network effects
- ◆ Can growth like “compound interest”



<Recap>

The Knowledge Based Economy

- ◆ Fastest growing companies tend to be knowledge driven
- ◆ Globalization
- ◆ Great ideas can come from anywhere
- ◆ Enabled by advances in technology and innovation
- ◆ Moore's Law
- ◆ Metcalfe's Law



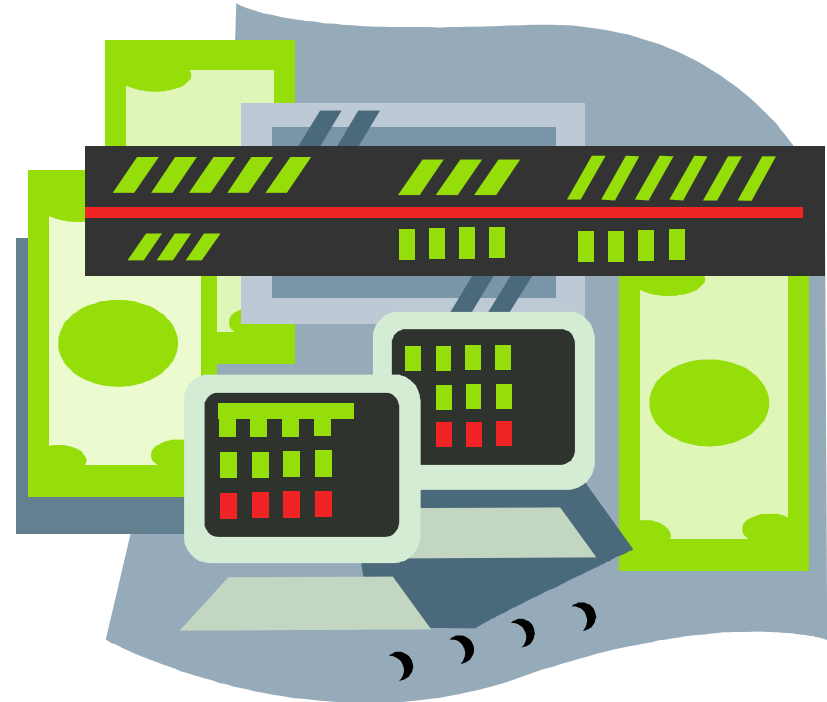
Knowledge Exchange In The Enterprise

- ◆ There is a hidden informal market for knowledge in the firm
- ◆ Knowledge seekers trading with knowledge providers
- ◆ **Book Reference**
Working Knowledge
Thomas H. Davenport,
Laurence Prusak: Harvard
Business School Press.
1997 (see CH 2)



Internal Knowledge Markets

- ◆ Look inside the hidden “market” for knowledge in organizations
- ◆ Supply and demand
- ◆ “Buyers” and “sellers”
- ◆ Brokers
- ◆ Pricing system & virtual currency
- ◆ It’s how knowledge exchange occurs



Review Of Markets

- ◆ As old as the first community
- ◆ New interest in markets
- ◆ Markets for everything
- ◆ Not such a strange idea
- ◆ An organic aspect of human society
- ◆ Internet era has spawned markets for everything, & auctions
- ◆ The emergence of e-Bay
- ◆ Why not an e-Bay for ideas ?
- ◆ Internal and external to the firm



Currency In Knowledge Markets

- ◆ Social Values – eg honesty
- ◆ Reciprocity
- ◆ Recognition
- ◆ Altruism
- ◆ Reputation
- ◆ Recommendation
- ◆ Independent third-party validation
- ◆ Credentials



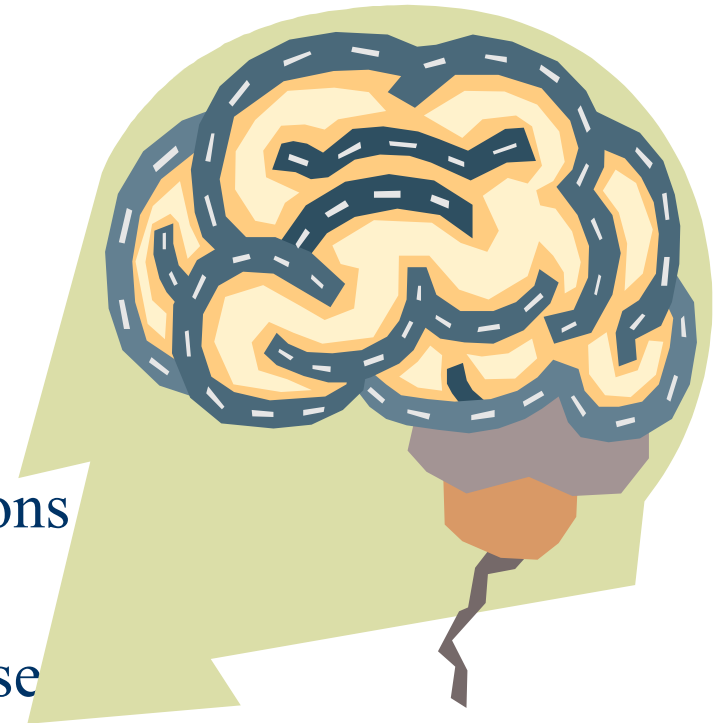
Knowledge Market Signals

- ◆ Pricing
- ◆ Measurement
- ◆ Valuation
- ◆ Role of informal networks
- ◆ Peers
- ◆ Communities
- ◆ Qualified Third Party seal of approval



Efficient Knowledge Markets

- ◆ **Increase:-**
- ◆ Speed
- ◆ Flow
- ◆ Innovation
- ◆ Growth
- ◆ Balance supply and demand
- ◆ Follow social rules and conventions
- ◆ Depend on trust
- ◆ The sharing of ideas, and expertise



Knowledge Market Inefficiencies

- ◆ **Result in :**
- ◆ Imbalances
- ◆ Lack of transparency
- ◆ Lack of accountability
- ◆ Slower processing
- ◆ Lack of a critical mass of buyers and sellers
- ◆ Sub-optimal use of brainpower



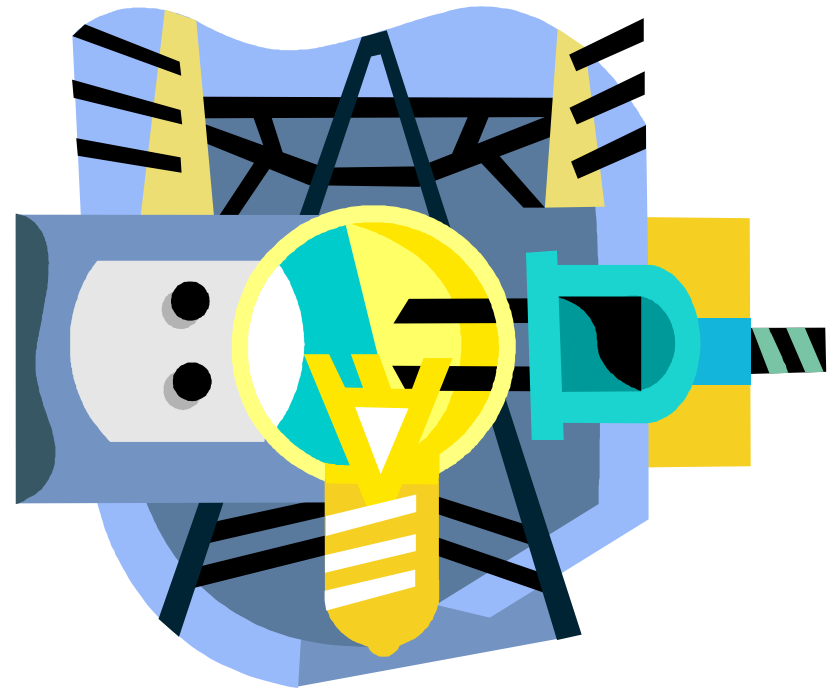
Market Pathologies

- ◆ Lack of rules, conventions
- ◆ Unclear roles
- ◆ Corrosive lack of trust
- ◆ Poor dependability
- ◆ Corruption



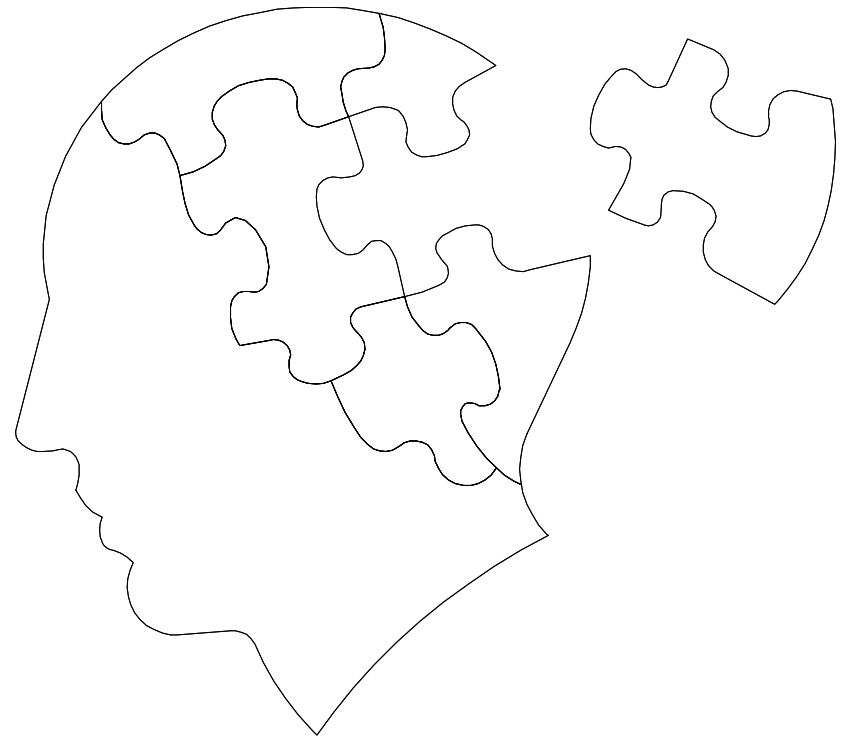
Potential Added Benefits

- ◆ Optimizes use of talent pool
- ◆ Accountability
- ◆ Creates more wealth
- ◆ Generates social capital
- ◆ Adaptiveness
- ◆ Flexibility
- ◆ Increases Options



Other Knowledge Market Issues

- ◆ Cultural change
- ◆ Control
- ◆ Peer approval
- ◆ Personalization
- ◆ Finding and matching knowledge seekers and knowledge providers
- ◆ Achieving critical mass
- ◆ Managing risk



New Thinking About Knowledge Markets

- ◆ Select Applications
- ◆ Exchanges for talent, experts, Q & A, IP, e-Learning..etc
- ◆ On-Line resources for further exploration
- ◆ <http://www.kikm.org/portal/page2.htm>



Securitization Of Human Capital

- ◆ **Case**
A couple of years ago, rock star David Bowie created waves on Wall Street when he floated a personal \$55 million bond issue.
- ◆ **Book Reference**
"Future Wealth," by Stan Davis and Christopher Meyer; Business School Press, 2000.



Review & Conclusion

- ◆ Looking at knowledge exchange through a “market lens” is very useful
- ◆ Next generation developments and trends
- ◆ The Link with e-Learning
- ◆ Think for yourself !

