

MANAGING KNOWLEDGE: FOSTERING INNOVATION

by innovation writer Ed Bernacki

People often ask, “What drives innovation in an organisation?” While this is a complex issue, one factor is that some organisations seem to create more opportunities to innovate.

Some opportunities can be ad hoc as ideas come up when people solve a problem in a new way to produce something better.

Other opportunities are more deliberate. People decide when and where new ideas are needed. They challenge themselves to improve or enhance something or to do something totally new. They actively look for opportunities to take initiative to innovate.

For the day-to-day ideas that arise to be accepted and used requires supportive fellow workers and

managers. This shapes a climate that is open to new ideas.

To be deliberate takes more investment in the underlying capabilities of an organisation. Research on the capabilities to innovate found that highly innovative companies develop some underlying capabilities to manage ideas in that they:

- seek ideas and knowledge widely from customers, suppliers, employees, other industries and competitors
- allow ideas and knowledge captured to be shared, stored in user-friendly form, and made freely accessible
- actively encourage diversity of viewpoint, talent and expertise.

To put some structure around this ability to manage ideas, there is a useful link to knowledge management.

To understand this link, start with a common definition of the term “knowledge management”. It is the process of capturing, refining and sharing information between employees, departments, subsidiaries and partner organisations. The ability to do this well creates a competitive advantage for those businesses which can use information well.

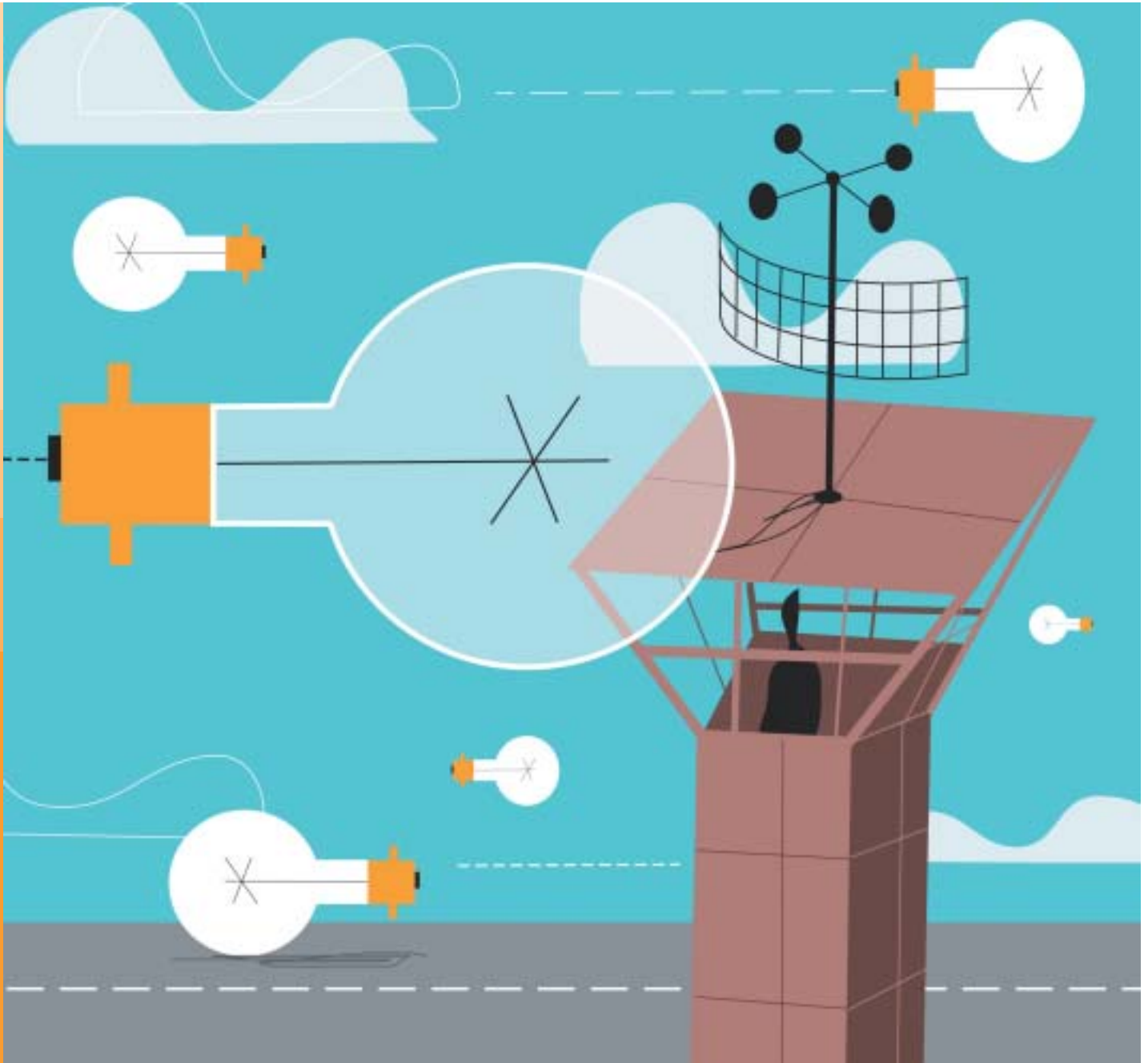
The benefit of managing “knowledge” is that it helps people to innovate in more effective ways. As such, the link between knowledge management and innovation is that knowledge provides the raw materials

for innovation. It provides the insights, facts, research and understanding to shape new initiatives that create value.

The most innovative companies master their capacity to innovate. Learning creates knowledge, and knowledge drives innovation. But as advertising guru Bill Bernbach warned, “Don’t ask research to do what it was never intended to do. That is, give you an idea”. Research provides information but it does not provide insights and ideas. Only people can create ideas.

Packaging your information

Consider how your business can better use information as a raw



material for innovation. Consider two types of information useful to all organisations:

1. Managing facts – the facts involve the reports, statistics and research such as sales figures, cost analysis, turnover of staff and so on. One expert calls this “know what”. Often decisions and actions become obvious when the facts are known and recognised. “Know what” issues are often easy to put into a database.
2. Managing insights – think of this type of knowledge as “know how”. Managing insights involves understanding of context, culture and beliefs. It’s knowing how and why customers buy and use your services and products (which may

be different to what they say in research situations).

These simple terms offer useful insights. Capturing “know how” is far more complex than capturing “know what”.

Knowledge is the product of learning. Focus on learning more and doing it faster. But use the knowledge, don’t just share it. For example, don’t just send people to conferences. Get them to set challenges that they achieve, and then provide briefings and brainstorming sessions for others to use this new knowledge. Great learning organisations also create an equal capacity to teach. To facilitate learning, you need great teachers.

To take full advantage of this link

between the management of knowledge and the opportunities to innovate, here are some challenges:

1. Apply new knowledge deliberately to create possibilities for new revenue sources. These may be new service offerings or product extensions. The focus is on new revenue sources.
2. Apply new knowledge to improve the sales process. For example, can you modify your existing product offerings to make it easier for customers to buy? This is not a flippant comment. Too many organisations make it hard to understand what they offer and how to buy it. Getting into the field to see how people actually use products and services can

provide new insights.

3. Apply new knowledge to enhance your internal systems for the delivery of services and products. This includes all internal processes. By deliberately focusing your innovation strategies in these directions, you can generate the knowledge needed to brainstorm new and more powerful ideas. Knowledge provides the raw materials that people need to create great ideas and results.

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