

Knowing “What” To Do Is Not Enough

One of the great mysteries in organizational management is why, despite \$60 billion is spent on training each year, organizations in every industry struggle to implement what they know will enhance performance? What barriers exist and how can firms overcome these barriers? Pfeffer and Sutton spent four years researching the best companies in the world including HP, SW Airlines, Honda, Toyota, Starbucks etc.

Insight #1: One of the most important insights from this research is that knowledge that is actually implemented is much more likely to be acquired from learning by doing than from learning by reading, listening, or even thinking (p. 4).

Insight #2: Not likely a result of individual deficiencies (talent, skill or personality). The research suggests the differences across firms come more from their management systems and practices than from differences in the quality of their people (p. 6)

Insight #3: The issue is not an Ignorance-doing gap but rather a knowing-doing gap. The Research demonstrates that the success of most interventions designed to improve organizational performance depends largely on implementing what is already known, rather than from adopting new or previously unknown ways of doing things. For example, A study of Honda’s process noted that “the underlying scientific knowledge for reengineering of production lines was primarily concrete and simple rather than abstract and complex.” The changes were consistent with the of kaizen—or continuous improvement, most of them being small, simple and in many cases, quite commonsensical given the particular manufacturing process. The genius of the Honda system was in its implementation, not in particularly novel or complicated technical ideas for enhancing productivity (p.15).

Insight #5: One of the main reasons for this gap is a lack of understanding of how people actually use knowledge in their jobs. Sociologists call this “working knowledge”. Essential knowledge, including technical knowledge, is often transferred between people by stories, gossip, and by watching one another work. This is a process in which social interaction is crucial. When knowledge is transferred this way it comes along with information about the process that was used to develop that knowledge. When just reading reports or seeing presentations, people don't learn about the subtle nuances of work methods—the failures, the tasks that were fun, the tasks that were boring, the people who were helpful, and the people who undermined the work.

Insight #6: Knowledge management systems seem to work best when the people who generate the knowledge are also those who store it, explain it, explain it to others, and coach them as they try to implement the knowledge.

Insight #7: Companies overestimate the importance of the tangible, specific, programmatic aspects of what competitors, for instance do, and underestimate the importance of the underlying philosophy that guides what they do and why they do it (p. 22).

Toyota is a perfect example: The Toyota Production system (TPS) has been described in books and tours frequently given of Toyota manufacturing facilities, they various systems, and still other automobile manufacturers find it difficult to copy TPS. This is because the systems represent the surface of TPS but not its soul. The Toyota Production System is about philosophy and perspective, about such things as people, processes, quality, and continuous improvement. It is not just a set of techniques or practices.

Honda is similar: Honda chooses its suppliers in large part based on the attitudes of the companies' management. In the words of Rick Mayo, the Honda engineer directing these activities, "We are a philosophy-driven company . . . Honda felt it was easier to teach the technical knowledge associated with a different product or process technology than to find a technically-capable supplier possessing the combination of risk-taking attitude, motivations to improve, responsiveness to future needs, and overall competence that is valued so highly"

Insight #8: The importance of values and philosophy is a theme that was repeated by Howard Bechar, president of Starbucks International, SAS Institute (software firm ranked by Fortune as the third-best company to work for in the US) and George Zimmer, founder of the extremely profitable The Men's Warehouse men's clothing store.

In all three instances, the message was the same. What is most important is not so much what we do—the specific management techniques and practices—but why we do it—the underlying philosophy.