

APQC's KM Community Call

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Sticky Organizations and How They Make Smart People Stupid

Guest Facilitator:

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APQC®

Sticky Organizations and How They Make Smart People Stupid

An exploration of Relationship Capital as a personal process for developing influence in knowledge-intensive organizations



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Victor Newman



Innovation practitioner and visiting professor in knowledge and innovation management at The Business School: The University of Greenwich.

Recent executive roles include head of innovation strategy & economics at The Technology Strategy Board and chief learning officer to Pfizer. Visiting fellow to Cranfield University on the subject of strategic knowledge management and innovation. He works with several business schools.

Contributed to the Harvard Business Review, included in Harvard's "Fifty Lessons" interviews with 200 of the world's most respected business leaders, and featured in the *Wall Street Journal*. On the advisory boards of several organizations. Newman is author of *Made to Measure Problem Solving*, and his *Knowledge Activist's Handbook – Adventures in the Knowledge Trenches* from Capstone/Wiley & Sons has been cited as the "best (secret) management book within the last ten years."

He is working on: *The Innovator's Got To Do It: The Art of Innovation Leadership*, based on his innovation leadership behavior work with CEOs and leaders.

Favorite TV show: The Wire

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The message is:

If you are a subject matter expert or even a thought leader, you cannot put your knowledge to work within a “sticky” organization unless you can rapidly develop Relationship Capital.

Messengers or Innovators?

Understanding the potential for TL in organizations



- Why don't they listen to our advice?
- What is the critical incident that demonstrates that you are perceived, or are within range of being perceived, as an SME or a TL in your functional area?
- People may think I am a TL because when they go to meetings I say things and people listen.
 - But are they listening to me or the information that I have been given by somebody else to communicate?
- TL is not about passing on messages from above or from your area. It's about understanding at first principles the challenges that are being faced and how through your TL these can be addressed and resolved to the organization's advantage.
 - are you an SME, a TL, or just a messenger?

Local – Global Continuum



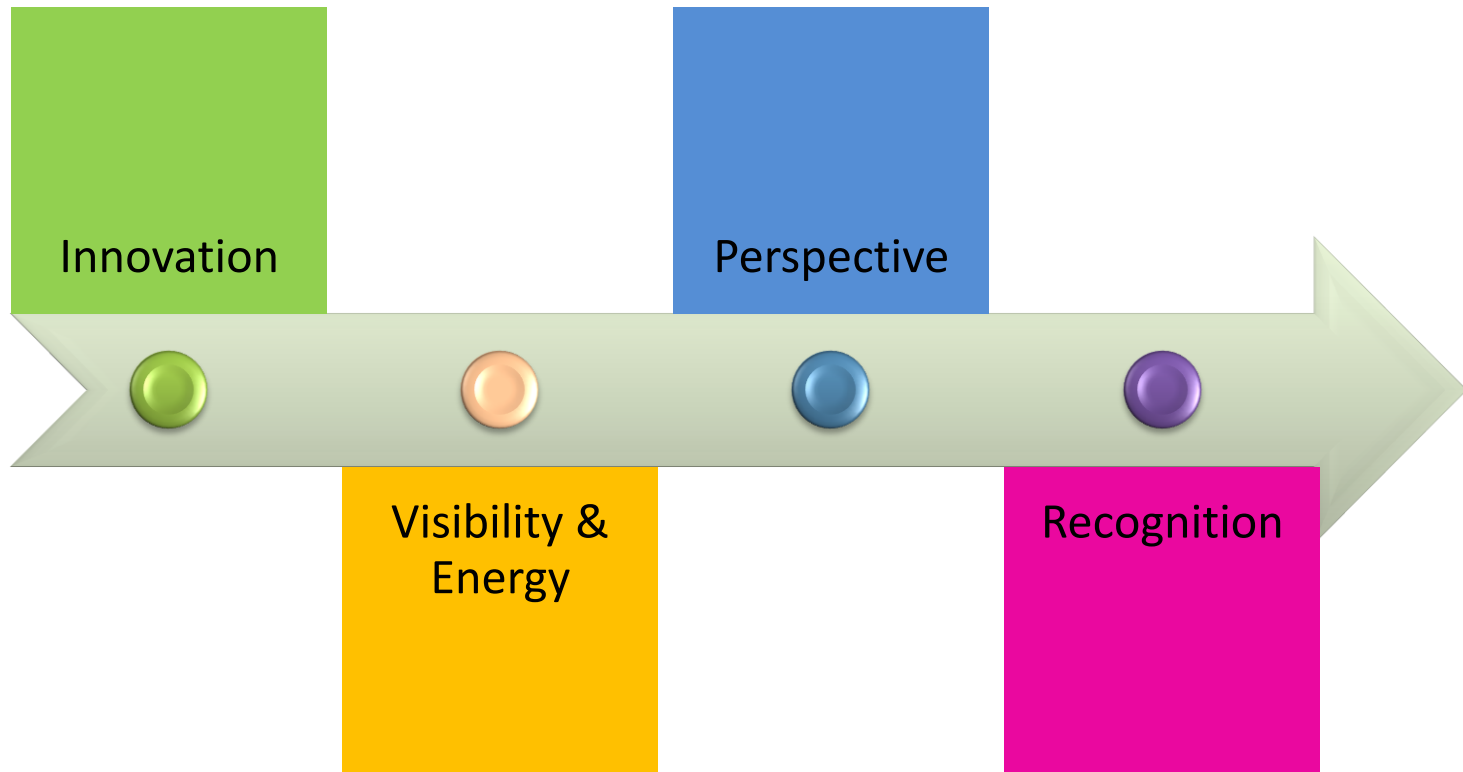
SME

- Local organizational perspective
- Knows what works and is going on in specialist subject area, what form it takes, what is emerging and being learned

Thought Leader

- Local and global perspective
- Develops and leads thinking in specialist subject area
- Understands what is missing in current practice and what is coming next

4 x TL Dimensions



**APQC:
Leading in a Connected World**

Rob Cross, 15 May 2009



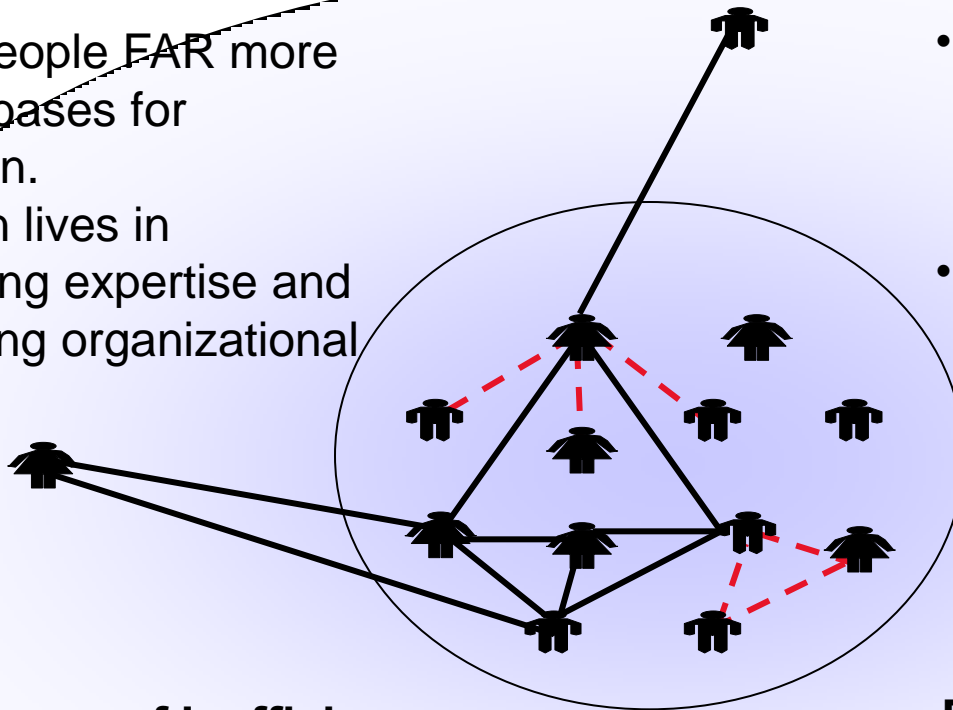
Networks Play a Critical Role in Organizational Excellence

Where Innovation Lives...

- Rely on people FAR more than databases for information.
- Innovation lives in recombining expertise and ties bridging organizational lines.

Where Work Happens...

- After decades of restructurings, work and coordination of work occurs in networks.
- Appropriate connectivity drives performance.



Invisible Source of Inefficiency...

- Costs of collaboration increasing but not systematically managed.
- Invisible decision-making delays consume time and resources.

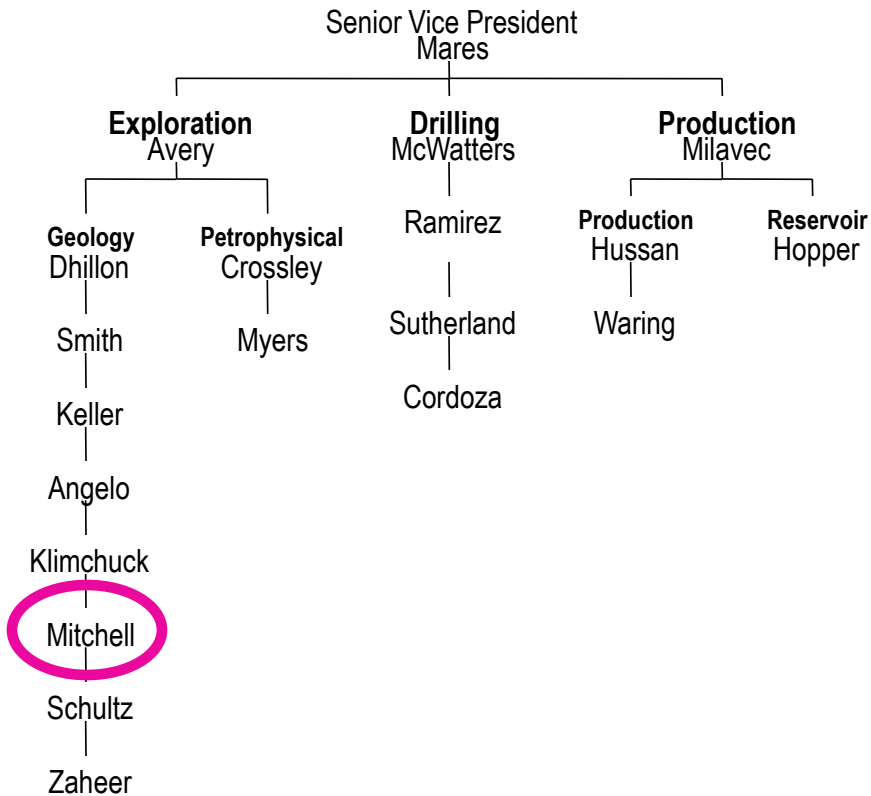
But These Networks Are...

- Invisible and highly misunderstood.
- At odds with formal structure, process views of work, and standard culture inventories.

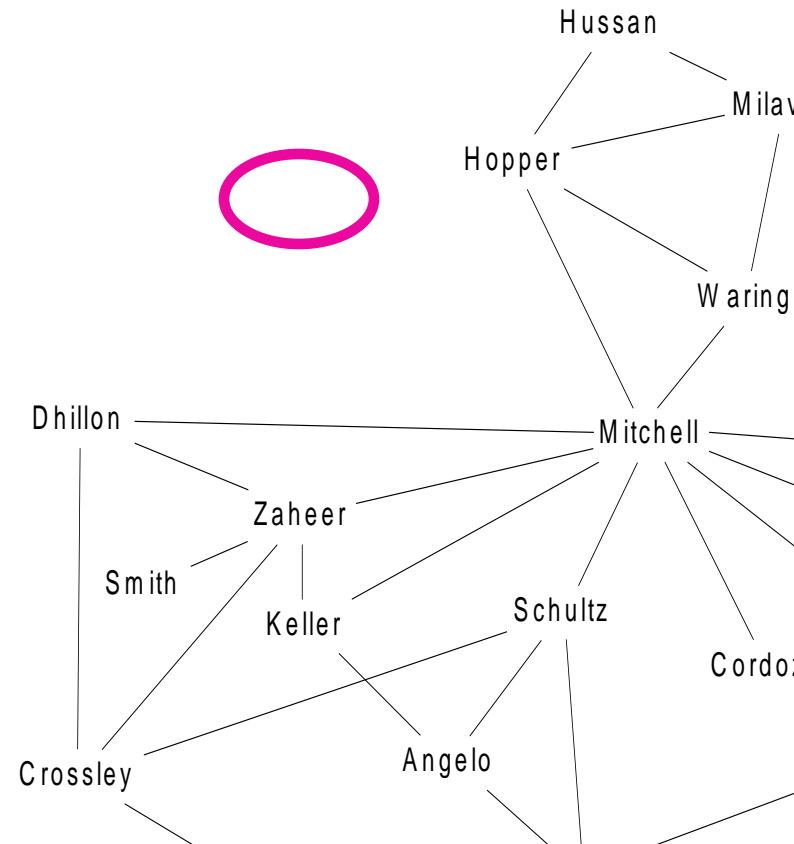
Getting things done often depends less on formal structure than on an informal network of colleagues...

Formal Structure

Exploration & Production



Informal Structure



Outline



It's a truism that organizations recruit smart people and make them stupid.

This session is an account of how a client function's failure to influence strategy led to the development of:

- a dichotomous continuum model connecting SME to TL to explore influence through Knowledge Power,
- a deeper understanding of the nature of organizational "stickiness" to resist change, and
- the accidental exploration of the development of Relationship Capital as a personal process for developing influence in a knowledge-intensive organization.

Client Situation



- Strategic IT function unable to implement necessary strategic enterprise applications (again).
- Leadership concluded that the problem was due to a lack of credibility at the strategic decision-making level and the business units' low confidence in their ability to act as thought leaders in their specialist areas.

“Flight of the Phoenix” Expert Analogy



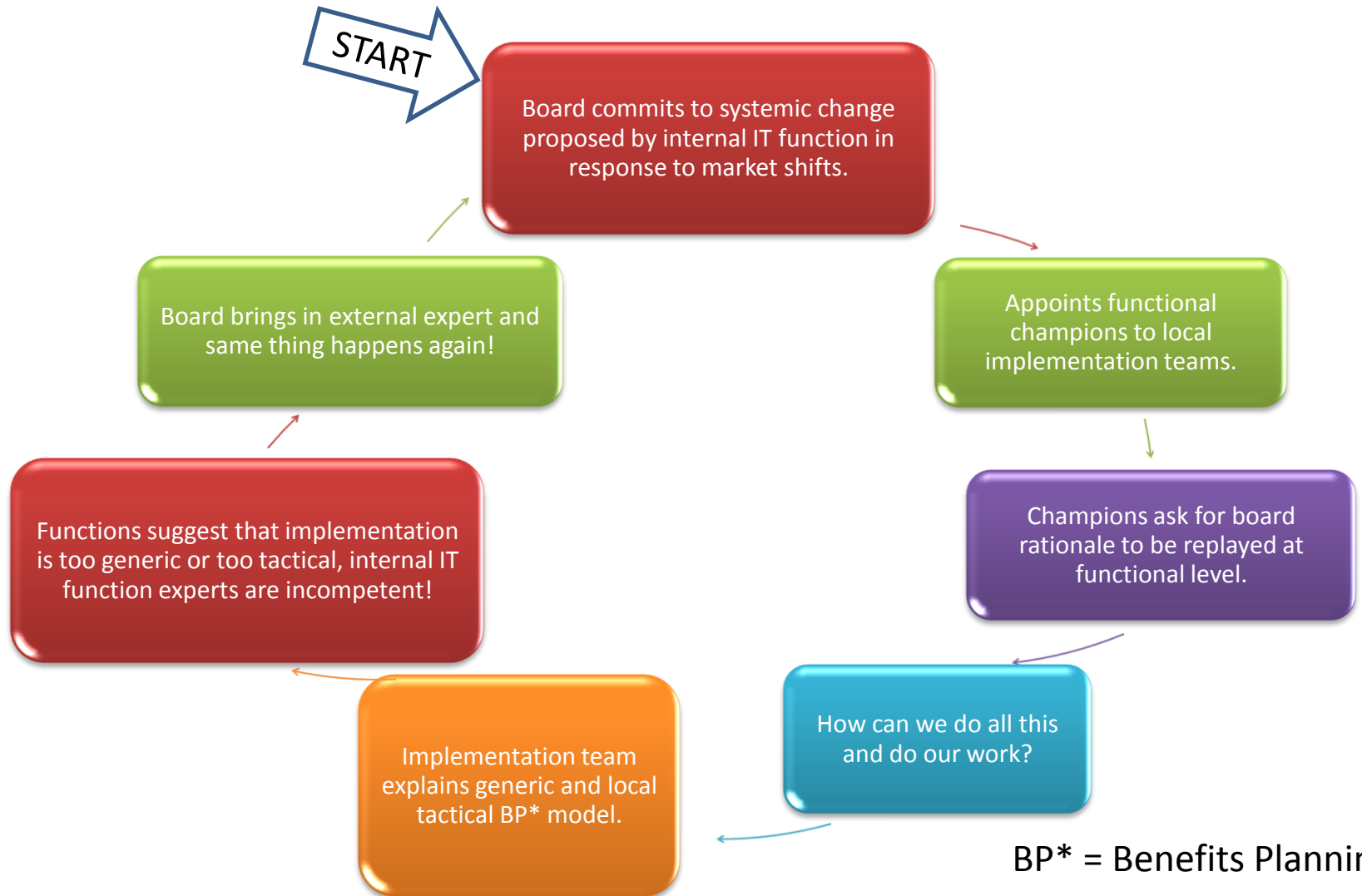
- An unexpected sandstorm forces an aircraft to crash-land in the Libyan desert. As the water begins to run out one of the passengers, Stringer, a precise, arrogant English aeronautical engineer, proposes cannibalizing the original aircraft to build a replacement.
- In order to maintain cohesion and morale, the pilot hides the fact that Stringer is actually a model aircraft designer.
- The aircraft is reborn like the mythical Phoenix and the passengers fly out strapped to the fuselage.
- **“Flying Phoenix” Syndrome:** Your knowledge may be related to this business domain, but is inoperative. **You can only be an expert when we (the organization) allow you to be an expert.**

Bank of Relationship Capital: Understanding Sticky Cultures



- All cultures are relatively “sticky” in the sense that they resist pressures to change.
- A culture is a by-product of a technology stabilization process; it is composed of the problem-solving experiences and processes involved in turning an invention into an innovation.
- Strong cultures continually evolve new behaviors to block change and to maintain social stability and power structures based upon existing patterns and accumulated reserves of mutual Relationship Capital.
- **The greater the mutual Relationship Capital in the network, the “stickier” the organization.**

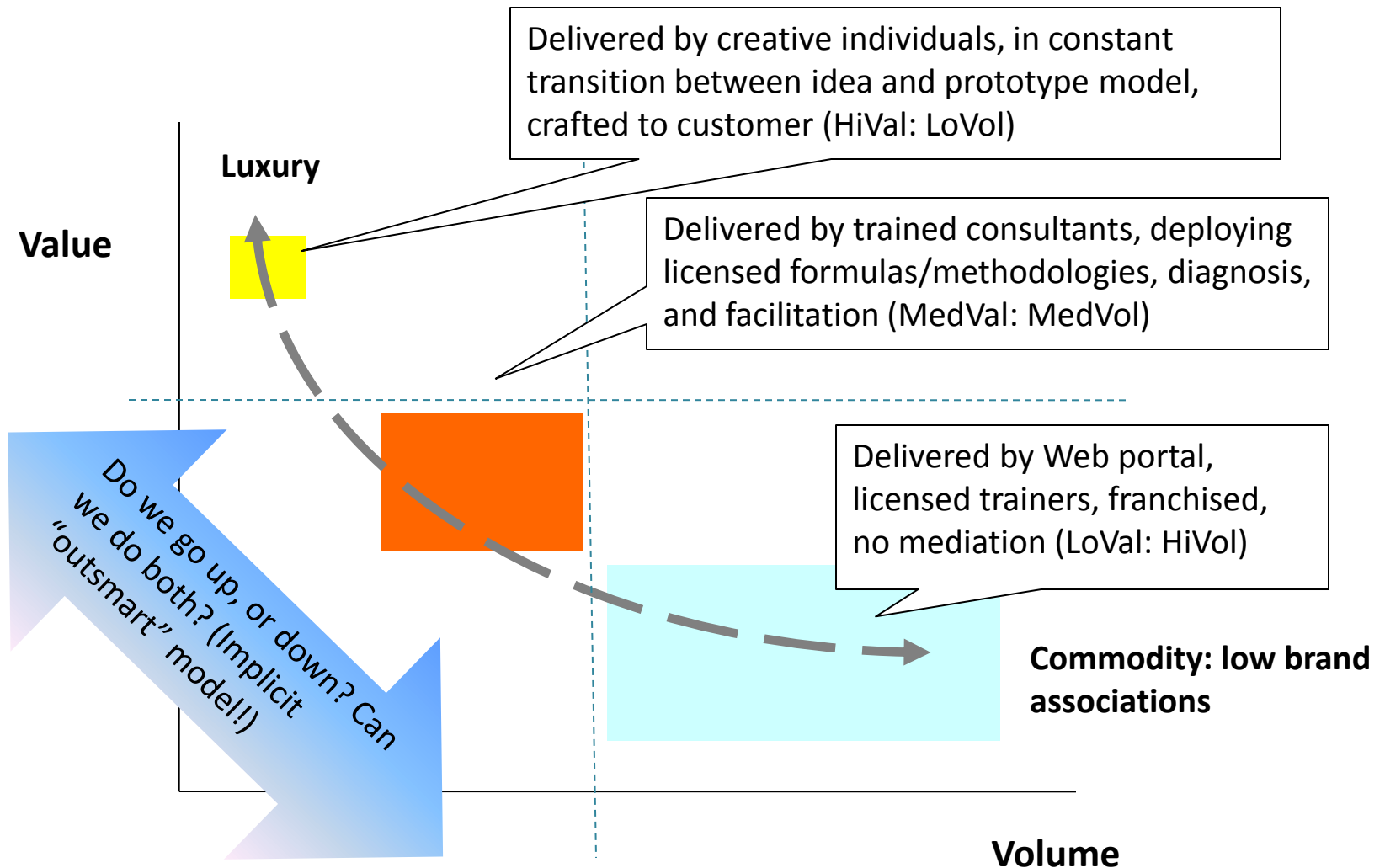
Consent & Evade (a learned “sticky” strategy)



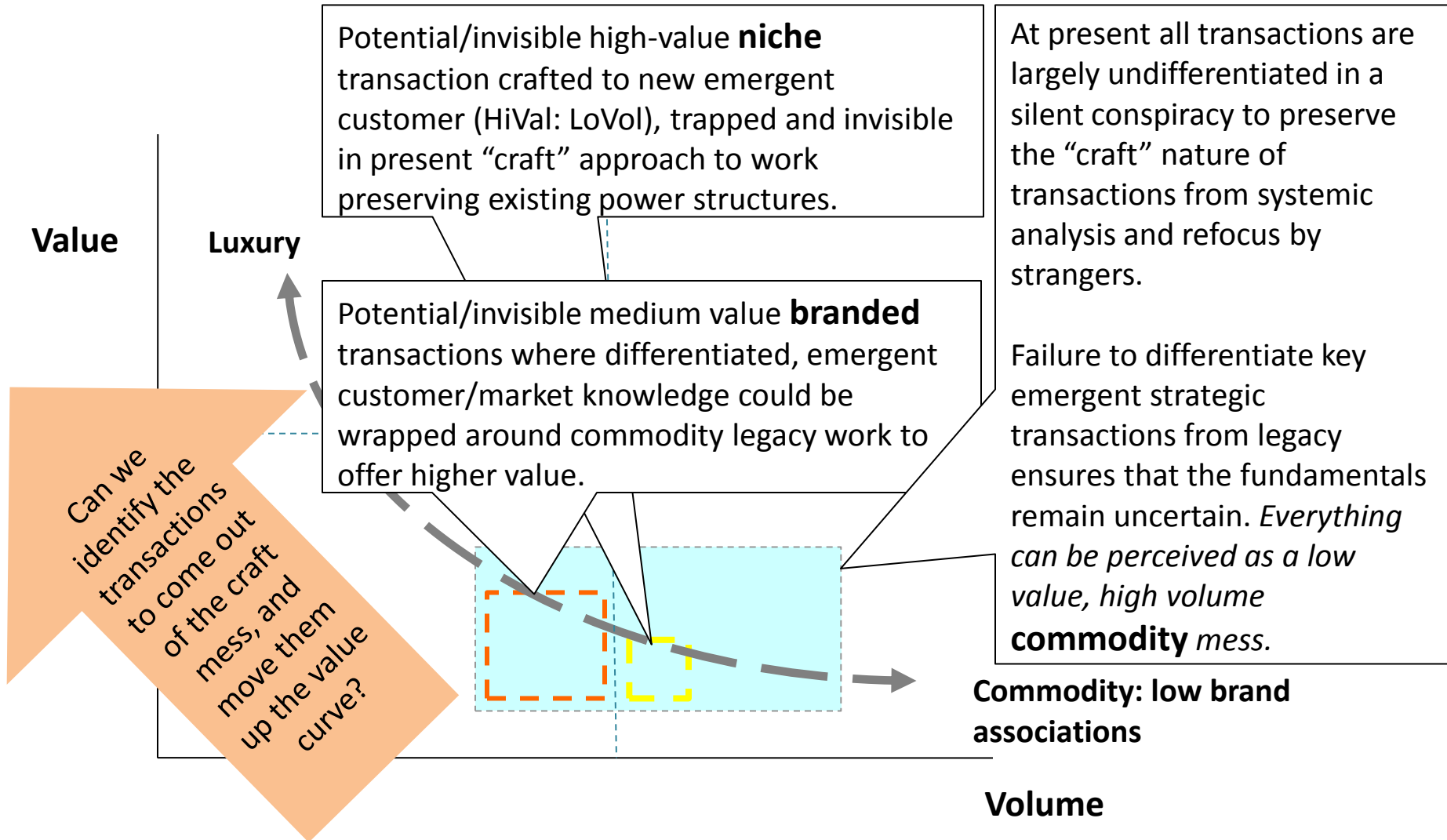
Where does this sticky defensive behavior come from?



A Healthy Knowledge Transaction Economy:

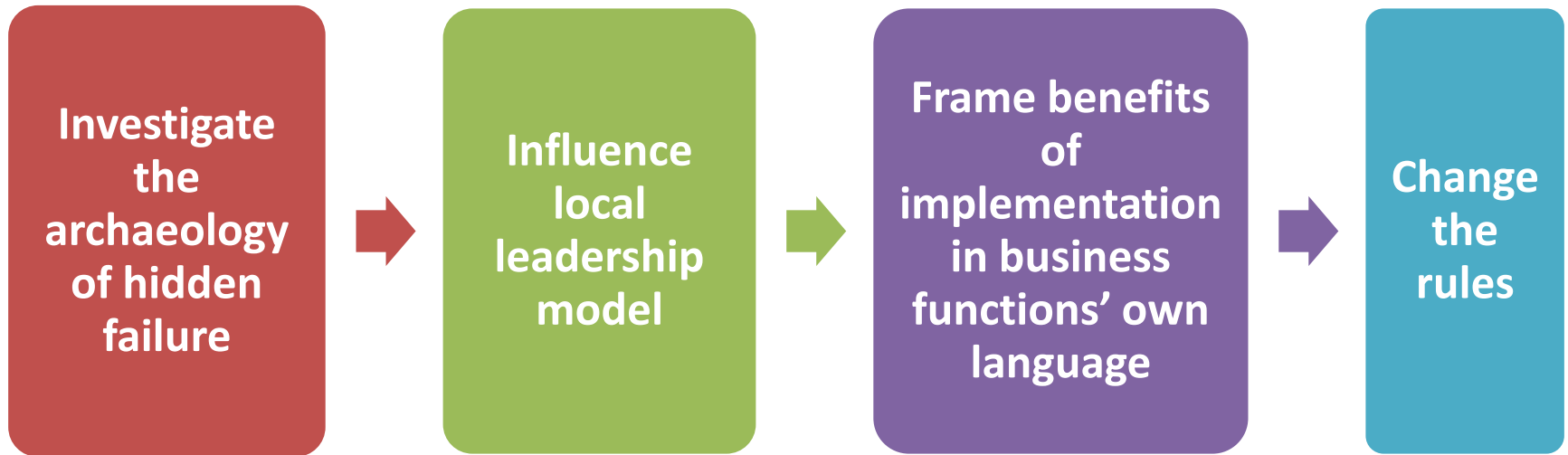


Defensive Knowledge Transaction Economy



Hidden Craft Knowledge plus Relationship Capital = political power

Tactical Solutions



Craftwork



Stupid Experts & Relationship Capital

- In many organizations experts are recruited only to leave in frustration because of the sticky organization's refusal to legitimize their role.



Understanding Relationship Capital



- How do you get invited to the “right” meeting (where you are allowed to be an expert)?
- Relationship Capital is the social “capital” you build through establishing positive impressions and trusting relationships with key colleagues, stakeholders, and potential internal customers that makes it possible for outsiders to be invited to participate in the “right” meetings and make a contribution based on their expertise.

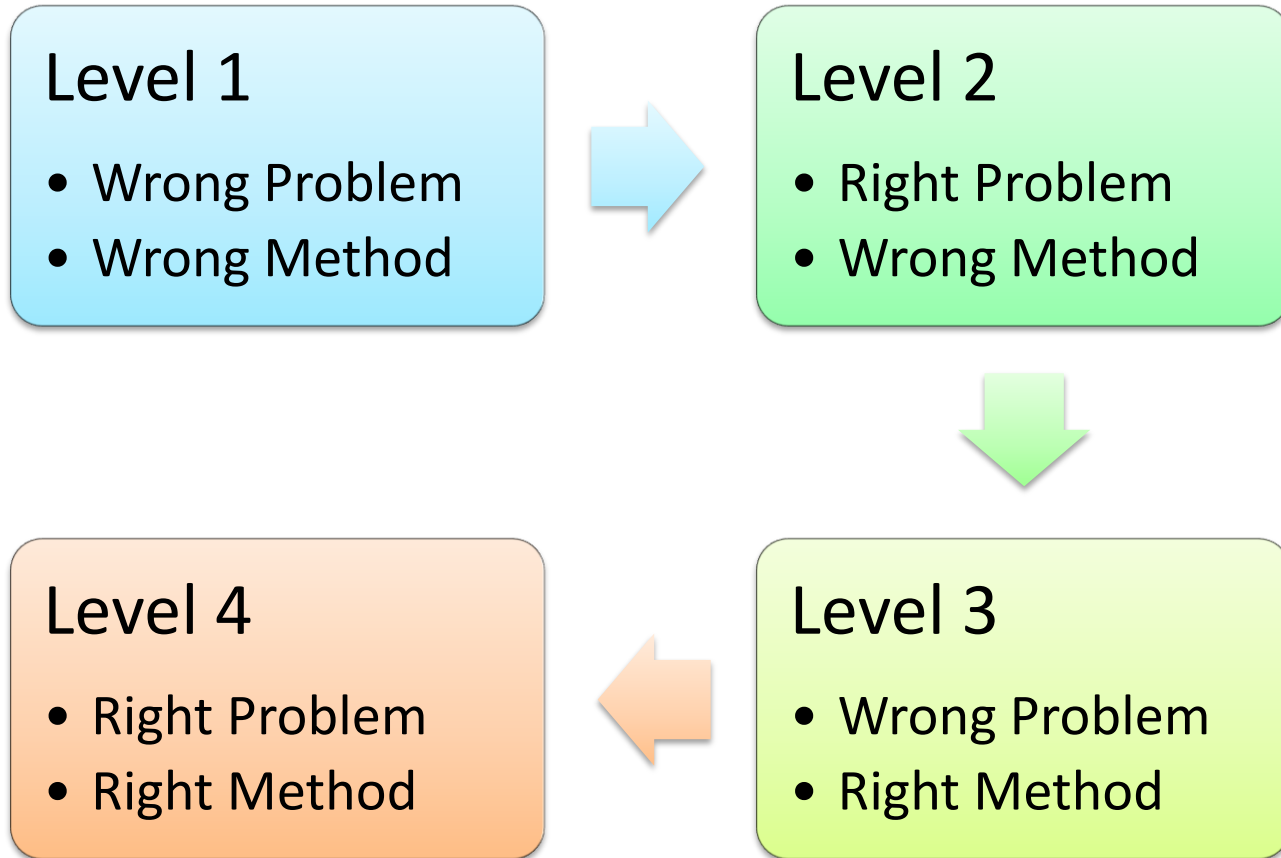
Welcome to Your Rite of Passage

- **Rite of Passage** –
“The means of repudiation of an old identity and the initiation into a new one”
 - Pain, ambiguity, ritualized isolation from everyday, connecting symbolic behavior to everyday contexts, abstract rules.



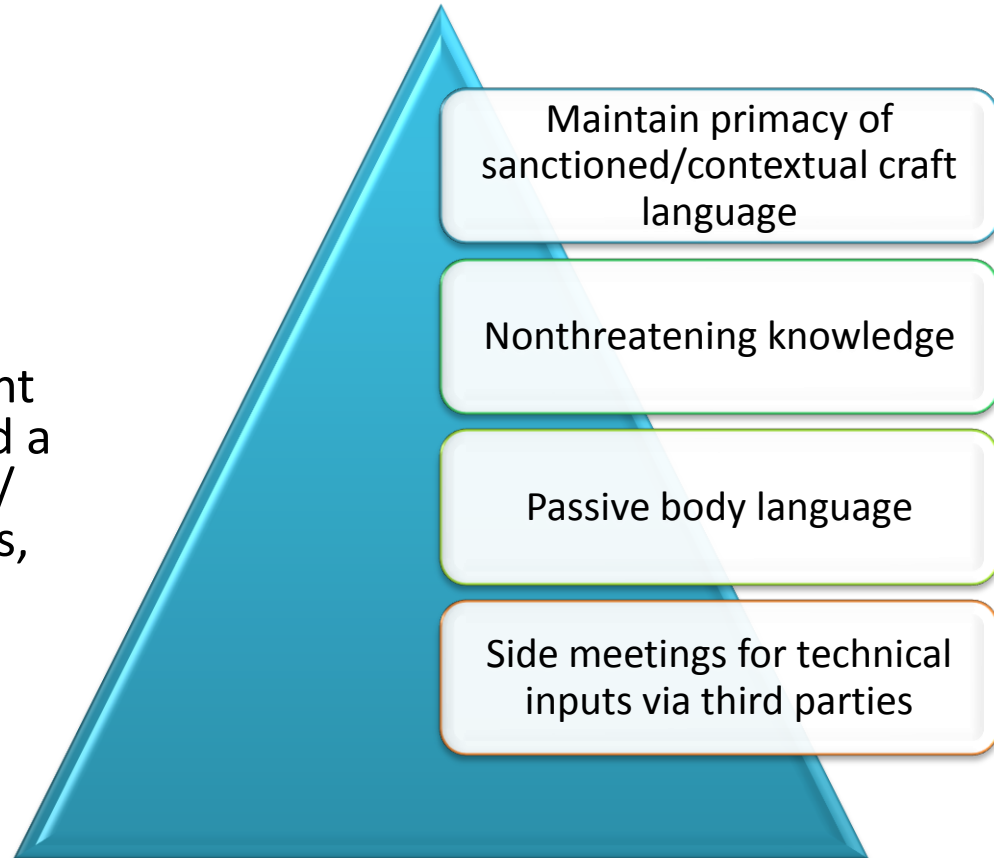
Outside of emergencies, RelCap involves a rite of passage in meetings negotiating deeper stages of trust, where your behavior must be positive without appearing to threaten existing knowledge power and established RelCap in the room.

Experts' Journey to Effectiveness



Growing Relationship Capital

- You establish and grow this Relationship Capital in meetings through
 - Not threatening existing power relationships or hierarchies.
- Until you have developed sufficient Relationship Capital and ascended a hierarchy of meetings from trivial/administrative to strategic or crisis, demonstrating SME or TL can be difficult and dangerous.
- Once you have developed high Relationship Capital, you may get invited to the *real meetings* that determine survival.



The Rules (for very sticky organizations)

- **Respect existing Relationship Capital**, find out who has the most banked, and whose is most at risk.
- **Don't preach** using your Craft Knowledge or meta-language to define the problem or appropriate solution or techniques.
- **Use their language** to define the problem they want to work on. Don't be surprised if they want to solve the wrong problem. You may have to help them to do the wrong thing better.
- Don't explain where an enabling technique comes from; **pretend to invent** it on the spur of the moment.
- Try to use **local, contextual examples** rather than using comparative case studies of external practice.
- Be patient and **control your body language**.

Conclusion

- If you are a subject matter expert or even a thought leader, you cannot put your knowledge to work within a “sticky” organization unless you can rapidly develop Relationship Capital.
- You need to understand what this is, the form it takes, and how to go about growing it.



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Questions?

Thank you for joining us today!