

## EXECUTIVE SUMMARY

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### *Managing the Knowledge Life Cycle?*

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#### **Abstract:**

Most top executives recognize that their organizations must be able to manage knowledge effectively. The challenge is how to do so. In this article, the authors examine a model that helps explain the life of an idea in a commercial setting.

#### **Keywords:**

*Center of excellence*

#### **Executive Summary:**

##### **The Four Stages of Knowledge's Life:**

The knowledge life cycle can be represented as a simple S-curve. Knowledge originates as nothing more than an idea in someone's head. At this stage, the idea may be rather abstract, but coherent enough for testing. Many ideas in the creation stage will run into dead ends or fail to generate interest. However, some will become more clearly formed and make it to the mobilization stage. In this part of the cycle, an idea becomes concrete and its broader value is demonstrated through continued evaluation and testing. The defining characteristic of the mobilization stage is that the originators share the knowledge with people who make up part of a trusted community. The next stage is the diffusion stage. In the diffusion stage, the idea as it has been developed and tested is available to basically anyone who wants it. It is broadly diffused and becomes widely understood in the marketplace. In the commoditization stage, the idea is so well known as to be common knowledge or public good. Examples from this stage include the design of the internal-combustion engine. In the field of management, a good example is quality management. While all knowledge moves through the life cycle, the speed of progress varies enormously from one case to the next. Three factors influence can accelerate the rate at which knowledge passes through the life cycle. The first is the ability of competitors to obtain the knowledge. The second is natural leakage, and the third is deliberate codification and diffusion by the company. Two factors can slow the life cycle. One is the extent to which intellectual property rights can be established for the knowledge in question. The other factor is the nature of some knowledge that resists codification. The challenge then, is to understand the tools needed to create value from knowledge in each phase.

##### **Creation:**

The essence of the creation stage is that no one fully comprehends the idea, not even those creating it. Creation is messy by nature. For businesses, the dominant strategy for working with early-stage knowledge is to flesh out an idea so that it can be commercially tested. To encourage such activity, companies need to create an environment that allows creativity while also providing some structure and discipline.

##### *Informal Knowledge Systems:*

Creativity is nourished most effectively when people have the opportunity to interact informally. High levels of social interaction among employees have created bonds of trust.

##### *Information Technology Systems:*

In the creation stage, systems for codifying and storing knowledge have scant value. However, they can connect people who might share an interest in an idea. Companies usually have discussion forum and brainstorming software.

*Human Resources:*

Companies that regularly create new knowledge hire non-conformists and mavericks. Such individuals typically need special contracts.

*External Relationships:*

Contacts with outsiders such as customers or suppliers are the most common stimulus of new ideas.

**Mobility:**

In this stage, knowledge continues to be refined, and the firm attempts to extract value from it.

*Informal Knowledge Systems:*

The goal is create informal networks among people so that knowledge can be transferred internally through experience.

*Information Technology Systems:*

Similarly, the IT in the mobilization phase is on technology that enables the informal transfer of knowledge.

*Human Resources:*

Knowledge is completely mobilized when creative new ideas are transformed into commercial products and services. Thinkers as well as doers are needed.

*External Relationships:*

Strong relationships with top customers are important in this phase of the life cycle. The focus shifts to the application of tested ideas.

**Diffusion:**

In the diffusion stage, the firm no longer attempts to keep an idea or technology under wraps. Many knowledge-based service companies have good reason to move their ideas rapidly into the diffusion stage.

*Informal Knowledge Systems:*

The emphasis in this is on packaging knowledge in such a manner that it can be disseminated quickly. Systems should focus on training people in company methodology and encouraging their use.

*Information Technology Systems:*

The knowledge databases that many large companies possess are most useful during the diffusion and commoditization stages. Codifying and standardizing knowledge opens it up to hundreds of people throughout the organization while making it easier for a competitor to copy. Competitive advantage must come from the ease of access to information or the quality of previous work.

*Human Resources:*

The diffusion stage requires people who are good at working with customers and recognize the value of applying the company's knowledge.

*External Relationships:*

Firms should keep an eye on competitors to take advantage of knowledge that is entering the diffusion stage. It is important to keep up with competitors.

**Commoditization:**

This stage is about how to manage publicly known knowledge. Many companies feel that once knowledge is understood, little can be done with it. However, there are plenty of opportunities to exact value from knowledge that has reached commodity status.

*Informal Knowledge Systems:*

Formal knowledge has more value than informal in this stage. Firms must focus on supplying best practices that can add value to well-developed processes.

*Information Technology Systems:*

It is crucial to stay current to create value out of commoditized knowledge.

*Human Resources:*

In this phase, companies must realize that the demand for knowledge is decreasing, and therefore, career opportunities are declining also.

*External Relationships:*

Companies can simply create value in this stage by influencing how widely held knowledge is used.

**Strategic Implications:**

The life-cycle concept of knowledge is not a plug-and-play application. Executives still have the task of figuring out which stages their companies are best suited to exploit.

In conclusion, the concept that knowledge has a life cycle is a powerful tool for comprehending how ideas are made into products and services.