

On-Site Financial Presents:

Eleven Characteristics of Smart Companies Successfully competing in the "Knowledge Economy"

Original Source: Lee, David. "Intellectual Capital: If You Don't Appreciate It, You Will Depreciate It."
HumanNatureAtWork.com. September 1998.
<http://www.humannatureatwork.com/intellectual-capital-articles-2pf.htm>

1. They Communicate a Compelling Big Picture
2. They Provide the Informational "Grist" for the "Idea Mill"
3. They Give Employees Control over Their Jobs
4. They Provide an Environment Which Fosters Trust
5. They Reward Managers for Coaching, Not For Having All the Answers
6. They Make Capturing and Sharing Knowledge Fun
7. They Reward Knowledge Sharing and Knowledge Using
8. They Communicate and Celebrate the Joy of Knowledge Sharing
9. They Focus On People, Not On Technology
10. They Build In Reflection and Capture Time
11. They Know How to Create a Positive Emotional Climate
12. On-Site Financial, Inc.

1.

They Communicate a Compelling Big Picture

Employee intelligence is truly unleashed when the big picture is understood and valued emotionally. Then and only then will employees care enough to spend time thinking about how to improve products, services, and processes.

2.

They Provide the Informational "Grist" for the "Idea Mill"

Smart companies also provide employees with the nitty gritty information they need to both innovate and make improvements.

3.

They Give Employees Control over Their Jobs

Learned helplessness results in people not even bothering to seek solutions because they "know" no solution exists. Lack of control and the resulting feeling of helplessness not only prevent people from attempting to solve problems, it also affects their ability to think. Smart companies know that intellectual capacity works like physical capacity - you either use it or lose it. Thus, they give employees plenty of opportunities to use judgment, make

decisions, and exercise control over their work life. By doing this, they appreciate and leverage the “thought power” of their workforce.

4.

They Provide an Environment Which Fosters Trust

In a fear-based environment, huge stores of critical knowledge lie dormant, only used occasionally by the sole owner of that knowledge. And where does this important knowledge base go when its sole owner leaves the organization? To the competition. This is one of the major problems of downsizing - it often leads to dumbsizing.

5.

They Reward Managers for Coaching, Not For Having All the Answers

Smart companies understand that thinking outside the box requires emotional safety and the freedom to do so. “Know-It-All” bosses tend to cultivate “Know Nothing” subordinates. Smart companies include these behaviors in their managers’ performance goals and compensation structure.



6.

They Make Capturing and Sharing Knowledge Fun

Competitive advantage clearly depends upon the combined intelligence and knowledge of a company’s workforce; success depends upon the ability to cultivate, capture, and disseminate knowledge throughout the organization.

7.

They Reward Knowledge Sharing and Knowledge Using

This is especially critical for organizations to address if they currently have a low trust, knowledge hoarding culture. Smart companies build in explicit rewards for both the quality and quantity of information sharing, and for using shared information.

8.

They Communicate and Celebrate the Joy of Knowledge Sharing

Smart companies constantly share success stories of how other employees shared knowledge that benefited others, and were rewarded for doing so. They also communicate

examples of how employees used knowledge captured by their colleagues to do a better job or to make their job easier.

9.

They Focus On People, Not On Technology

With the amazing technological offerings available today, it's easy to get caught up in the "gee whiz" aspect of Knowledge Management. However, simple e-mail, database, or even word processing documents can be powerful knowledge sharing vehicles.



10.

They Build In Reflection and Capture Time

The ability to reflect upon and codify experience is central to knowledge creation. Without reflection, we don't learn from experience or generate new models and strategies. Thus, smart companies realize that expecting staff to rush from project to project and rewarding this activity is counterproductive in a Knowledge Economy.

11.

They Know How to Create a Positive Emotional Climate

Smart companies understand intuitively what psychological research clearly demonstrates - emotions and intellect are inextricably interwoven. Emotions focus attention, shape thought, and influence cognitive functioning. Employees who feel inspired, proud, and valued have full use of their intellectual powers. Smart companies understand this relationship between thought and emotion and the reverse effect positive emotion has on cognitive functioning. Research shows that when people feel intellectually challenged, but emotionally safe, they are far more creative and innovative.

12.

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