How to Lead Knowledge Workers

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"The most important contribution of management in the 20th century was to increase manual worker productivity fifty-fold.

The most important contribution of management in the 21st century will be to increase **knowledge worker productivity** - hopefully by the same percentage.

The methods, however, are totally different from those that increased the productivity of manual workers."

Source: Drucker, 1999

More Than Just Numbers …

- Percentage of German people who believe that Germany is a Knowledge Society: **9 %**

- Percentage of German people who believe that Capitalism in its current shape is working well: **16 %**

- Percentage of German people who believe that the Quality of Life in Germany is decreasing: **36 %**

- Percentage of German people who believe that Germany is a Class Society: **39 %**

- Percentage of German People who believe that Extraterrestrial Intelligence is existing (and living amongst us): **43 % (37 %)**

- Percentage of Company Leaders who believe that in general the introduction of modern information and communication systems lowers Honesty, Trust and as a consequence Productivity: **82 %**

Sources: BBC (2009) and brand eins (2009), p. 162

Strategy Means Doing the Right Things?

*„Most Organizations Fail,
not Because they Do the Wrong Things
but Because they Do the Right Things For to Long."*

Yves Doz, INSEAD

More Than Just Numbers …

- Percentage of German small and medium sized companies who believe that Innovation is not important as a management priority for their future success: **41 %** (1.500.000 Companies)

- *Peter F. Drucker's* estimation of the maximum life expectancy of these companies: **30 Years** (many of them will die much earlier)

- Percentage of value creation in German's small and medium sized companies: **53 %** (1.222.000.000.000 EURO)

- Estimated share of knowledge in the value creation process: **60 %** (730.000.000.000 EURO)

- Percentage of employment in German's small and medium sized companies: **61 %** (24.400.000 Jobs)

- Percentage of companies who say: "We don't know what we know": **66 %**

- Average life expectancy of companies in the year 1990: **40-50 Years**

- Average life expectancy of companies in the year 2009: **below 20 Years**

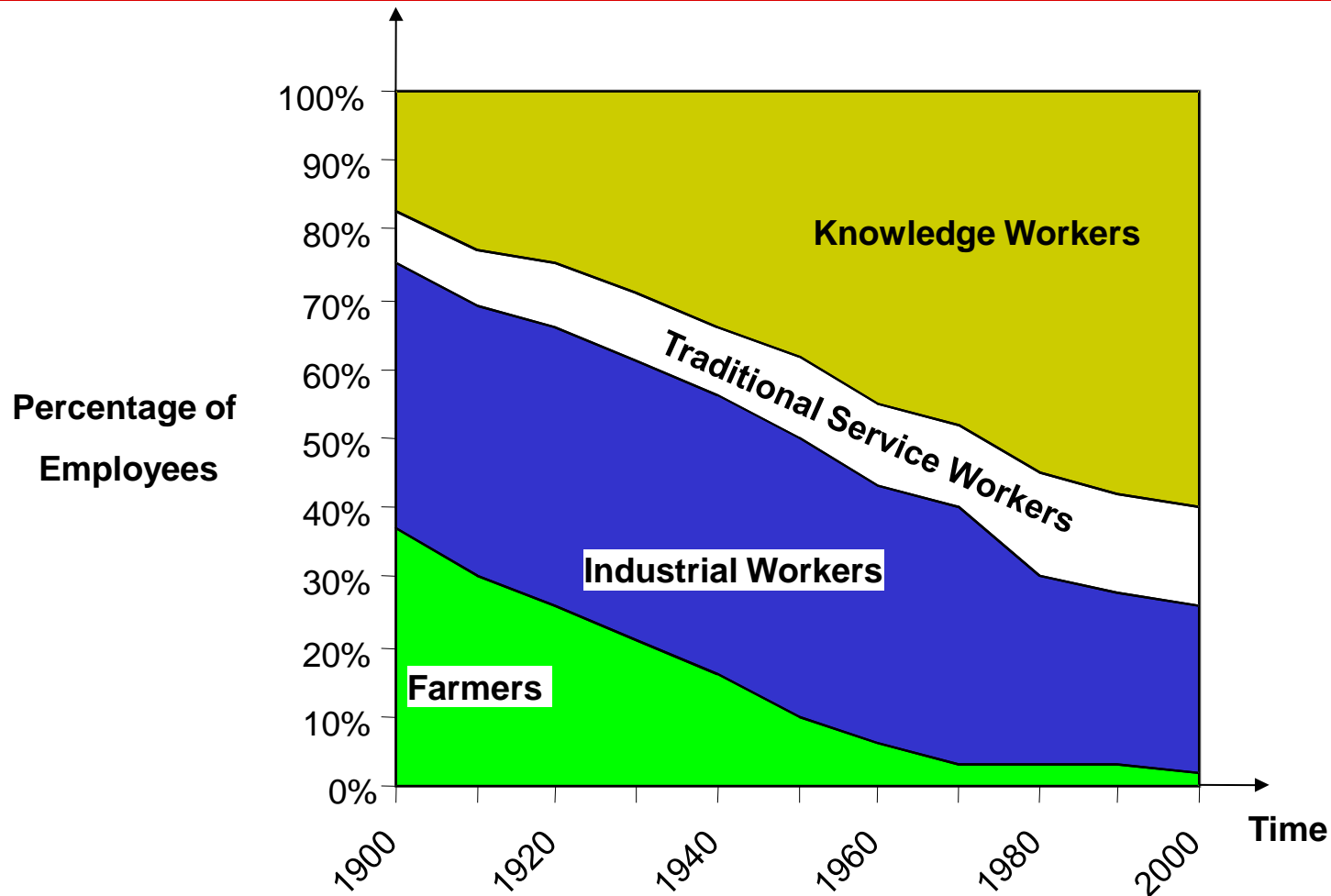- The world's oldest limited company: **Stora Enso 721 Years**

Are You a Knowledge Worker - Ask Yourself:

↪ How stable is your job?

↪ Does your boss know exactly what you do?

↪ If you were promoted tomorrow, how soon would you be unable to fill in for someone in your old job?

↪ Do you need to learn continuously to keep your job?

↪ Do you and your peers have traditional educational backgrounds?

↪ Are you rewarded for what you know, or for what you've done?

↪ Does your job involve repetition?

The Future of Knowledge Work(ers)

Percentage of Employees

100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%

Knowledge Workers

Traditional Service Workers

Industrial Workers

Farmers

1900 1920 1940 1960 1980 2000

Time

Sources: Barley (1994), Bureau of the Census, Bureau of Labor Statistics (2000) und McKinsey (2001)
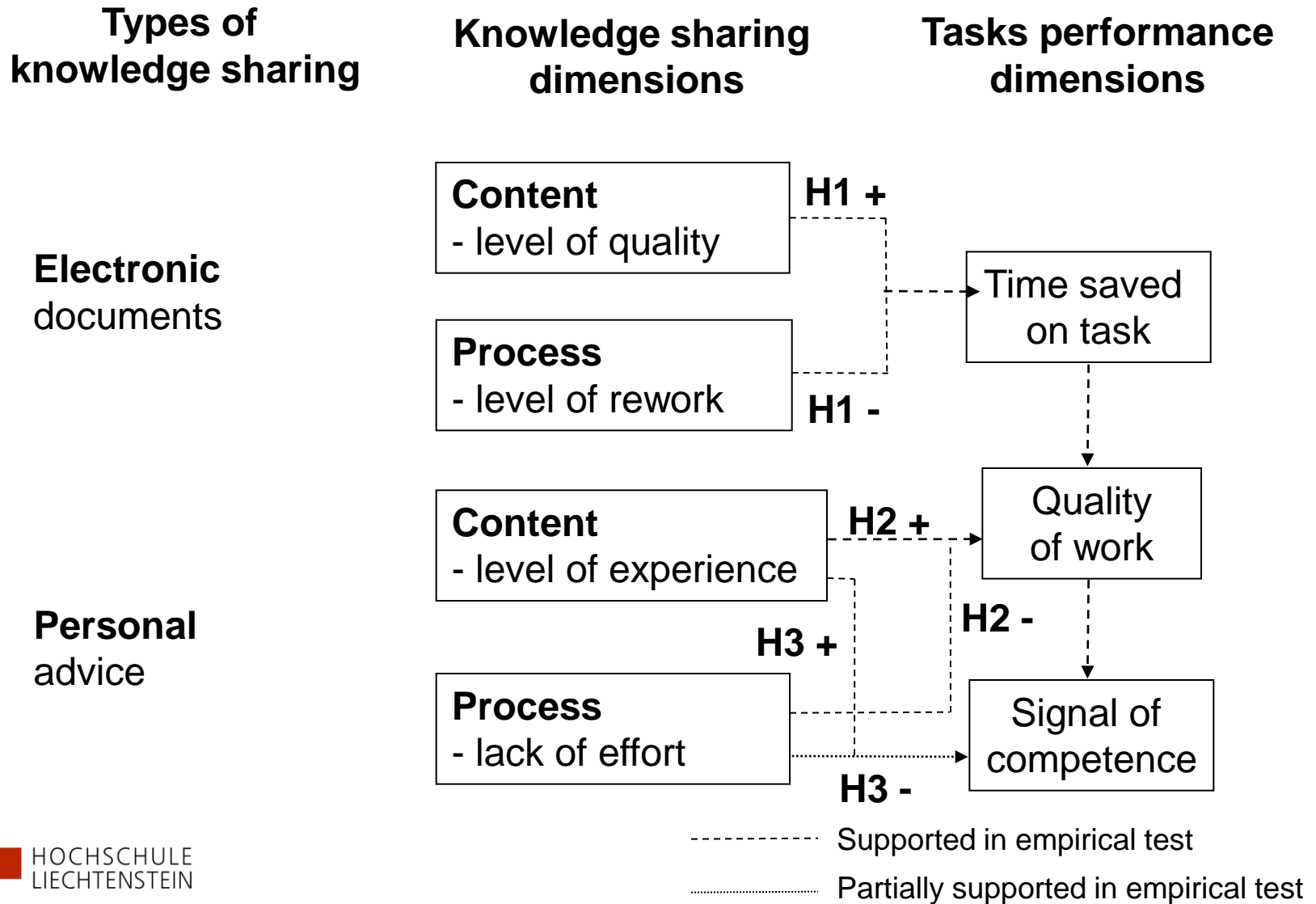
According to *Peter F. Drucker* Six Major Factors Determine Knowledge-Worker Productivity

1. Knowledge-worker productivity demands that we ask the question: "**What is the task?**"

2. It demands that we impose the responsibility for their productivity on the individual knowledge workers themselves. Knowledge Workers **have** to manage themselves. They have to have **autonomy**.

3. **Continuing innovation** has to be part of the work, the task and the responsibility of knowledge workers.

4. Knowledge work requires **continuous learning** on the part of the knowledge worker, but equally **continuous teaching** on the part of the knowledge worker.

5. Productivity of the knowledge worker is not — at least not primarily — a matter of the quantity of output. **Quality** is at least as important.

6. Finally, knowledge-worker productivity requires that the knowledge worker is both seen and treated as an "**asset**" rather than a "cost." It requires that knowledge workers **want** to work for the organization in preference to all other opportunities.

Each of these requirements (except perhaps the last one) is almost the exact opposite of what is needed to increase the productivity of the manual worker.

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Types of knowledge sharing

Knowledge sharing dimensions

Tasks performance dimensions

Electronic documents

Personal advice

Content - level of quality

Process - level of rework

Content - level of experience

Process - lack of effort

H1 +

H1 -

H2 +

H2 -

H3 +

H3 -

Time saved on task

Quality of work

Signal of competence

- - - - - Supported in empirical test

·········· Partially supported in empirical test

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Source: Haas/Hansen (2007), p. 1136

Ten things Google has found to be true

1. **Focus on the user and all else will follow.**

    From its inception, Google has focused on providing the best user experience possible. While many companies claim to put their customers first, few are able to resist the temptation to make small sacrifices to increase shareholder value

2. **It's best to do one thing really, really well.**

    Google does search. With one of the world's largest research groups focused exclusively on solving search problems, we know what we do well, and how we could do it better.

3. **Fast is better than slow.**

    Google believes in instant gratification. You want answers and you want them right now. Who are we to argue? Google may be the only company in the world whose stated goal is to have users leave its website as quickly as possible.

10. **Great just isn't good enough.**

    Always deliver more than expected. Google does not accept being the best as an endpoint, but a starting point. Through innovation and iteration, Google takes something that works well and improves upon it in unexpected ways.
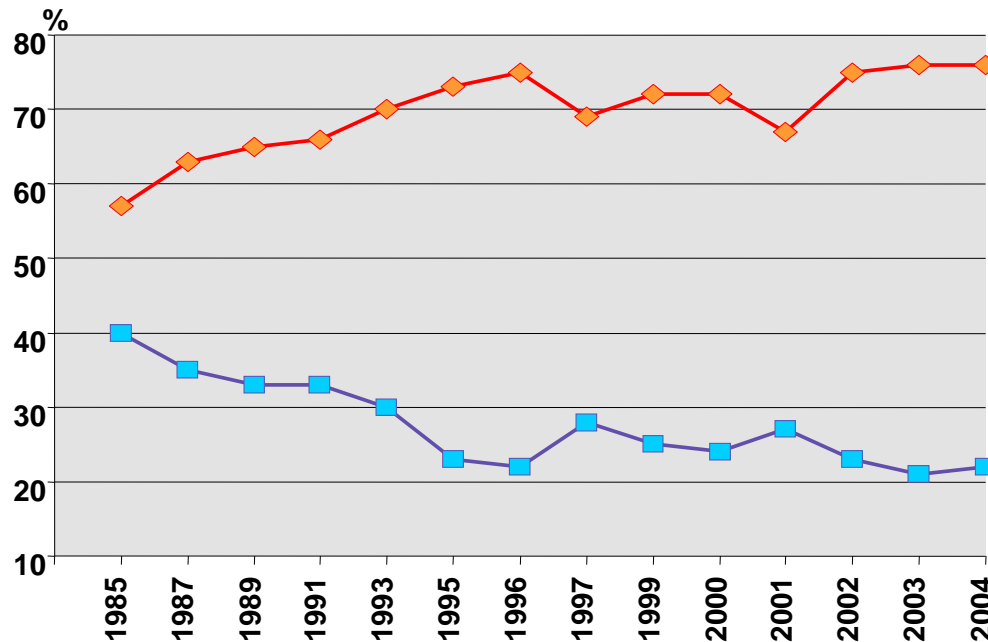
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Source: http://www.google.com/intl/en/corporate/tenthings.html

Towards a divorce between firms and people

The interest of companies is usually opposed to the interest of its employees

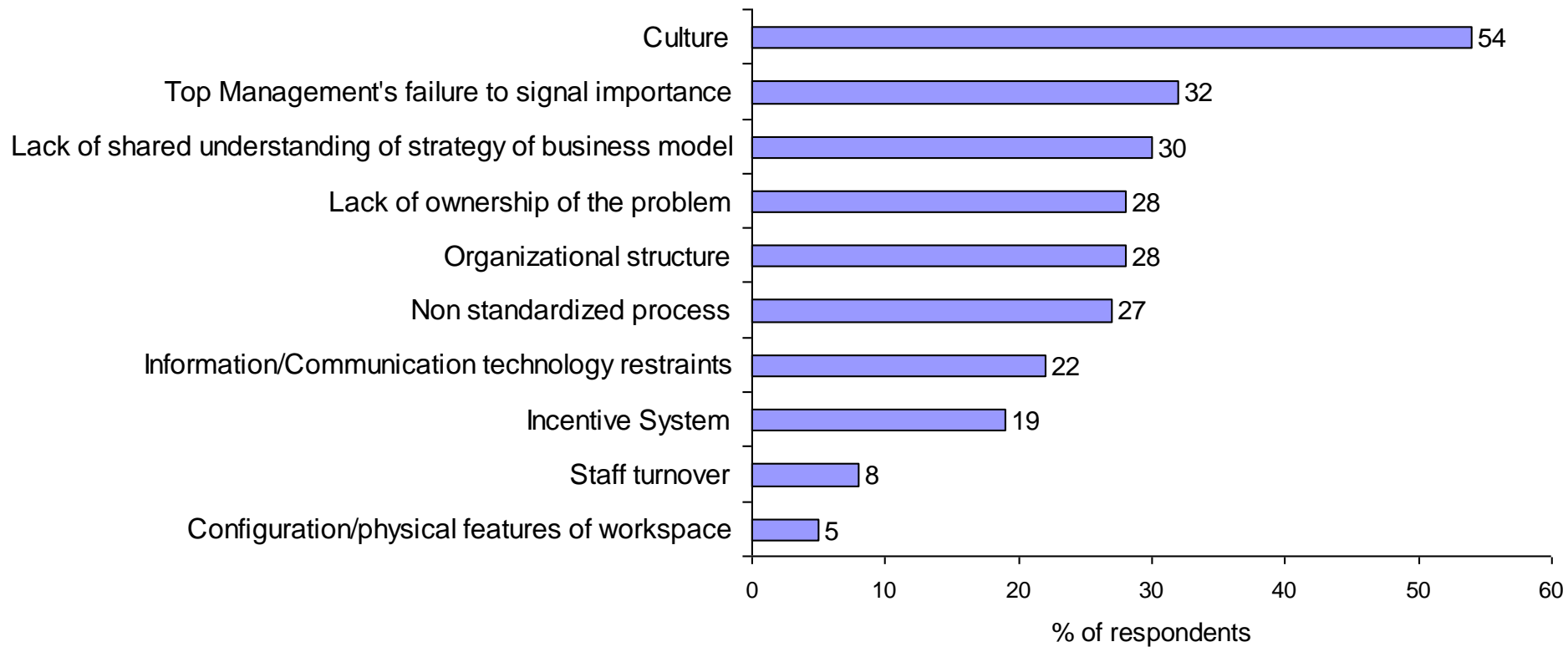**The interest of companies usually runs parallel to the interest of its employees**

(enquiry carried out in population of France)

© Sociovision Cofremca 2004

Seven Common Misunderstandings in Leading Knowledge Workers
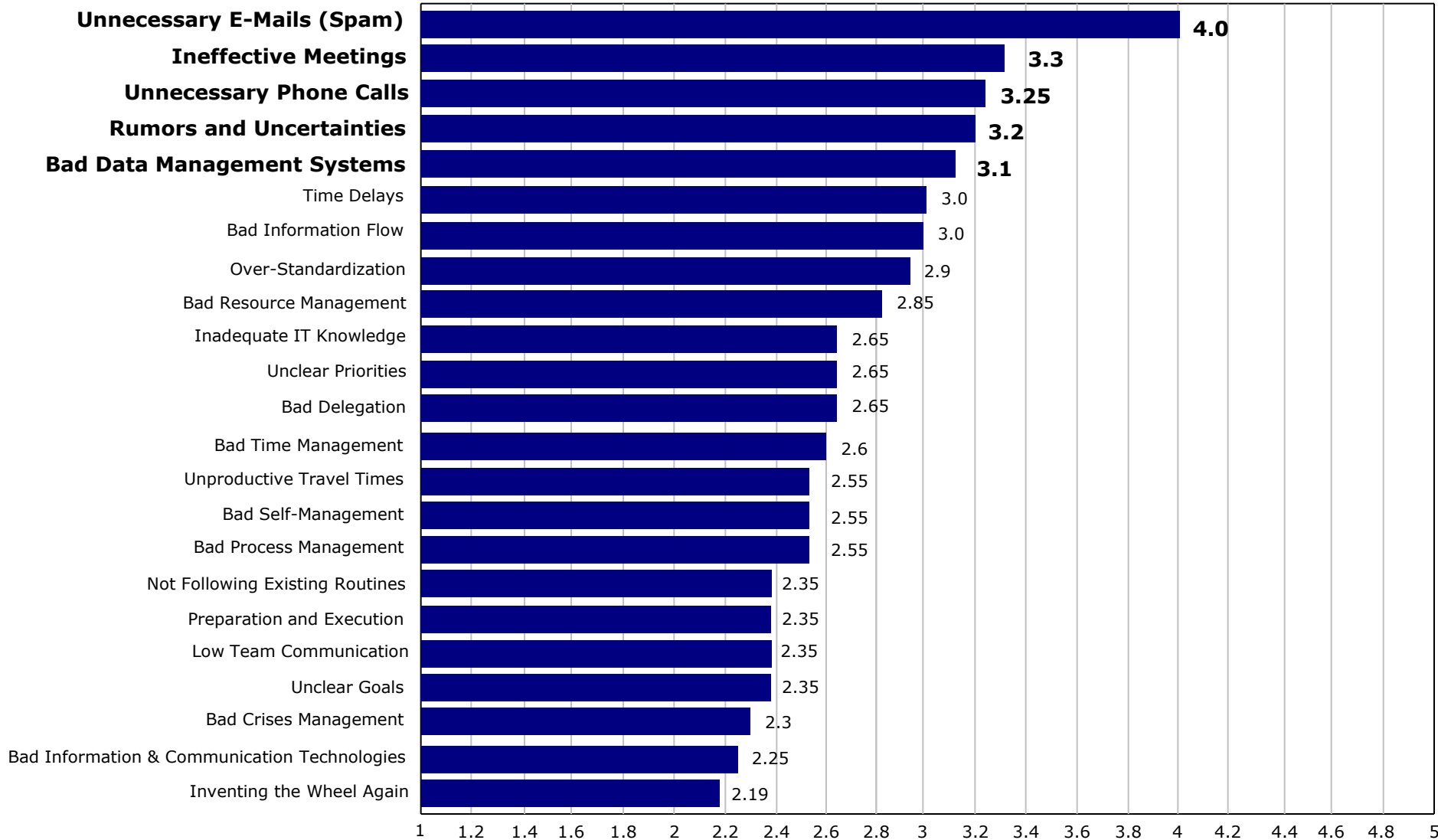
- ↳ There is the One Perfect Leader

- ↳ The Expert is the Best Leader

- ↳ Knowledge is More Important than Values

- ↳ In Order to Motivate Knoweldge Workers You have to Pay a Bonus

- ↳ Knowledge Leadership is a Set of Tools

- ↳ The Top Thinks, the Local Acts

- ↳ Effective Leadership Means Leading Others

What Blocks Productivity in Today's Organization (1)

Chart: % of respondents

- Culture — 54
- Top Management's failure to signal importance — 32
- Lack of shared understanding of strategy of business model — 30
- Lack of ownership of the problem — 28
- Organizational structure — 28
- Non standardized process — 27
- Information/Communication technology restraints — 22
- Incentive System — 19
- Staff turnover — 8
- Configuration/physical features of workspace — 5

% of respondents

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What Blocks Productivity in Today's Organization (2)

Top Time Killers From the Perspective of the Interviewed Knowledge Workers

Time Killer	Value
Unnecessary E-Mails (Spam)	**4.0**
Ineffective Meetings	**3.3**
Unnecessary Phone Calls	**3.25**
Rumors and Uncertainties	**3.2**
Bad Data Management Systems	**3.1**
Time Delays	3.0
Bad Information Flow	3.0
Over-Standardization	2.9
Bad Resource Management	2.85
Inadequate IT Knowledge	2.65
Unclear Priorities	2.65
Bad Delegation	2.65
Bad Time Management	2.6
Unproductive Travel Times	2.55
Bad Self-Management	2.55
Bad Process Management	2.55
Not Following Existing Routines	2.35
Preparation and Execution	2.35
Low Team Communication	2.35
Unclear Goals	2.35
Bad Crises Management	2.3
Bad Information & Communication Technologies	2.25
Inventing the Wheel Again	2.19

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Source: Telekom Austria Business Solutions (2007)

What Blocks Productivity in Today's Organization (3)

↳ How many employees are aware, what their organization stands for and why? **(5-37%)**

↳ How many employees are exited by the goals of their organization? **(14-25%)**

↳ How many employees believe that their own tasks are aligned clearly to the goals of their organization? **(20%)**

↳ How many employees believe that their company has an open communication culture where other opinions are being valued and lead to new and better ideas? **(17%)**

↳ How many employees have very cooperative trustful working relationships to other departments and teams inside the organization? **(13%)**

↳ How many leaders have incentives which are clearly linked to strategic goals **(25%)**

↳ How much time does the top management team spend to discuss and improve their strategy **(in 85% companies less than 1 hour per month)**

Transferring this to a Soccer Team This Means:

- **Max. 4 out of 11** players know, which goal belongs to them.

- **For only 2 out of 11** players this is relevant.

- **Only 2 out of 11** players know there exact role and know what they are expected to do.

- **2 out of 11** players would try out something new during the game (during 90 minutes).

- **Except 2** the rest would play against their own team and not against the opponent team

- The coach doesn't care in **3 out of 4** games if his/her team wins.

- The team is exercising **1 hour a month** with its coach.
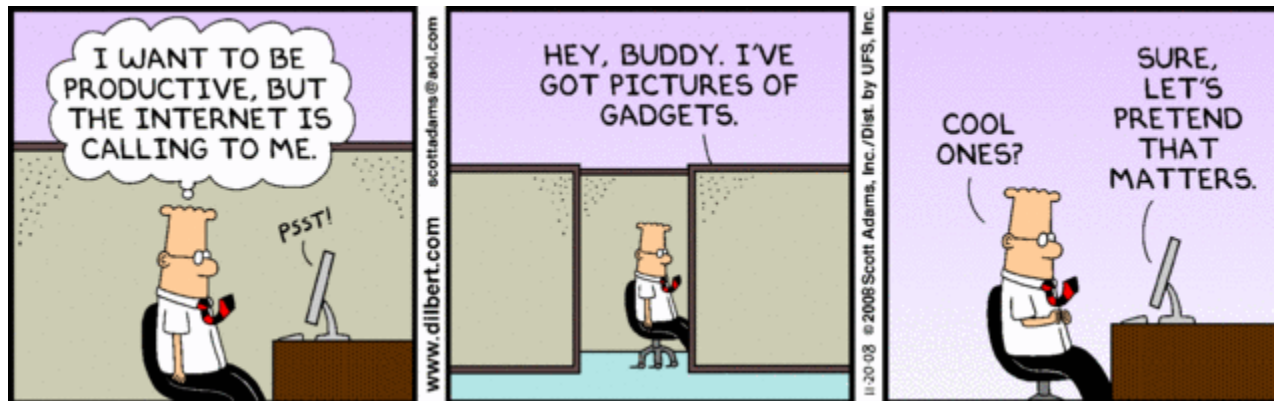
„Management by numerical goal is an attempt to manage without knowledge of what to do, and in fact usually management by fear."

"If management sets only quantitative targets and makes people's jobs depend on meeting them, they will likely meet the targets - even if they have to destroy the enterprise to do it."

W. Edwards Deming
*Pioneer in Total Quality Management*

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"**Management Attention** is the **Scare Resource** of Companies Acting in the Knowledge Age."

Robert L. Simons
Harvard Business School

„Paying attention is no trivial task. Indeed much of the process of mastering any domain involves continual refinement in the capacity to pay attention, **while simultaneously performing**."

"I believe all organizations must develop their own practices and disciplines for **cultivating attentiveness**."
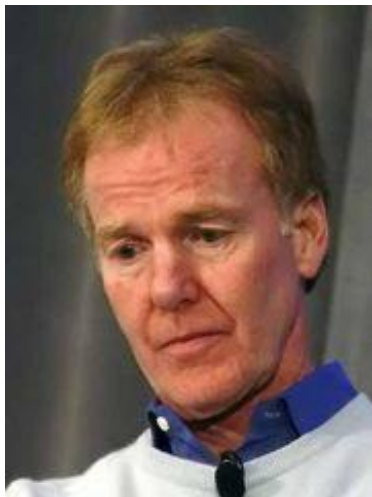
Peter M. Senge
MIT, Society for Organizational Learning (SOL)

Leif Edvinsson:

„**Knowledge** has become the key source of value creation and wealth and health not only at an organizational but also on a **national level**.

And enterprises, particularly those in the **public sector**, are in danger of undermining their future success by focusing exclusively on financial assets in their accounting procedures.

It is time for a quest for a new approach for gaining back the sense of "**meaning making**", based on lateral thinking, rather than just "money making".

It is a challenge not to be **prisoners of traditional vertical thinking**, called the bottom line syndrome."

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The Five Priorities
For Effective Leaders in Learning Organizations

1. **Engage in Sensemaking:**
   Why does your company exist and what makes it unique?

2. **Generate Attention and Attractiveness:**
   Attract people, engage in building a community of human beings.

3. **Cultivate Growth:**
   Invest in the sustainable development of these people.

4. **Design Learning Environments:**
   Reduce as much learning barriers inside your organization as possible.
   After you have finished this challenging task you will be surprised how less effort you have to put into fostering learning.
   Remember: Human beings are designed for learning!

5. **Create Credibility and Mutual Trust:**
   Be aware that you as a leader are a role model:
   Invest at least 50% of your time leading yourself!
   Work hard on you to get better and stay humane at the same time.

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