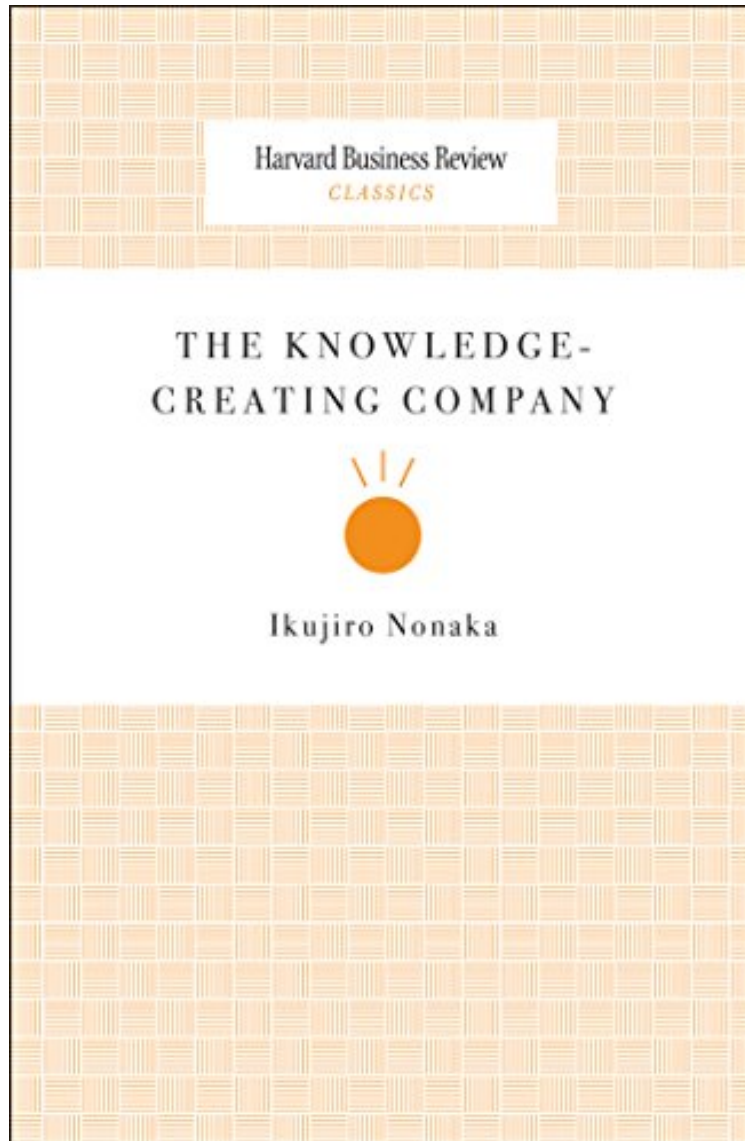


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## The Knowledge-Creating Company (Harvard Business Review Classics)

*Ikujiro Nonaka*

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**Ikujiro Nonaka : The Knowledge-Creating Company (Harvard Business Review Classics)** before purchasing it in order to gauge whether or not it would be worth my time, and all praised The Knowledge-Creating Company (Harvard Business Review Classics):

0 of 0 people found the following review helpful. Great tool for the OD professionals' toolkit! By Mondraea Calvin  
Excellent resource for professionals wanting to understand key principles to enabling a culture which promotes the creation and dissemination of knowledge throughout a company. Authors Ikujiro Nonaka and Hirotaka Takeuchi

highlight the secrets of successful Japanese companies such as Cannon, Honda and Sharp and their ability to transfer explicit knowledge to tacit knowledge and ultimately new technologies and profits. According to Nonaka and Takeuchi, the key is their approach to managing the knowledge creation process and implementation of the Middle-up-Down management system. This book is a must-read for students and OD professional seeking to influence organizational design and culture.

0 of 0 people found the following review helpful. Well Written Book On The Role Of Tacit Knowledge And Explicit Textual Knowledge In Social Organisations By Andrew Oliver

In investigating knowledge, to study the role of different kinds of knowledge in the modern corporation - or perhaps, say, government department - one is not interested so much in its ontological status or even its truth or falsity but on its social role how it is learnt and taught and how it changes form as the organisation develops over time ...Much more solidly based in real companies and real psychology than, say, excessively Hegelian approaches such as the 'social construction of reality' one or even 'atomorphic behaviourists' who are surprised when they're bitten by theory rejection: the rats bite back, because their conscious minds reject being interpreted in terms of how lab rats behave!

Solid examples from dozens of case study investigations into Japanese companies! And, whilst not as sound as an ontological approach, quite appropriate for the modern corporation, if not for the astrophysics research institute!

0 of 0 people found the following review helpful. The Founding Text of the Knowledge-Creation School By Etienne RPT

This book has its origins in an article the two authors wrote for the Harvard Business Review in 1986 about new product development in Japanese companies. Rather than construct a complex theory, complete with flow charts and diagrams, they used a simple metaphor: developing a new product is more like a rugby game than a relay race. Under the relay approach, new-product development proceeds sequentially from phase to phase--concept development, feasibility testing, product design, development process, pilot production, and final production--with one group of functional specialists passing the baton to the next group. Under the rugby approach, the product development process emerges from the constant interaction of a multidisciplinary team whose members work together from start to finish. As in rugby, the ball gets passed within the team as it moves as a unit toward the goal. Because project teams consist of members with varying functional specializations, the issue of learning was considered a key aspect of product development. The article focused on two dimensions of learning: across multiple levels (individual, group, and corporate) and across multiple functions. But although the authors devoted sections to cross-fertilization and transfer of learning, they didn't develop the epistemological dimension of learning, and their focus was more on the learning organization than on the knowledge-creating company. Japanese firms' reliance on trial and error and on learning by doing wasn't analyzed in terms of the prevalence of tacit knowledge and processes of organizational knowledge creation.

In their book, Nonaka and Takeuchi introduce a key distinction between two kinds of knowledge: explicit knowledge and tacit knowledge. Explicit knowledge can be expressed in words and numbers and shared in the form of data, scientific formulae, specifications, manuals, and the like. This kind of knowledge can be readily transmitted across individuals formally and systematically. Tacit knowledge, on the other hand, is highly personal and hard to formalize, making it difficult to communicate or share with others. Subjective insights, intuitions, and hunches fall into this category of knowledge. Difficult to verbalize, such tacit knowledge is deeply rooted in an individual's action and experience, as well as in the ideals, values, or emotions he or she embraces.

There are two dimensions to knowledge creation: epistemological and ontological. The epistemological level describes how knowledge is converted from one type into another through processes of socialization (from tacit knowledge to tacit knowledge), externalization (from tacit knowledge to explicit knowledge), combination (from explicit to explicit) and internalization (from explicit to tacit). The ontological level refers to the knowledge-creating entity: it includes individual, group, organizational, and interorganizational levels. A knowledge spiral emerges when the interaction between tacit and explicit knowledge is elevated dynamically from a lower ontological level to higher levels.

The authors believe that Japanese companies are especially good at realizing this exchange between tacit and explicit knowledge during the product development phase, and that there is a distinctively Japanese approach to knowledge creation. Epistemologically, Westerners tend to emphasize explicit knowledge and the Japanese tend to stress tacit knowledge. Ontologically, Westerners are more focused on individuals, while the Japanese are more group-oriented. These differences give rise to a wholly different view of the organization: not as a machine for processing information, but as a living organism. People in Japan emphasize the importance of learning from direct experience as well as through trial and error. Like a child learning to eat, walk, and talk, they learn with their minds and bodies. This tradition of emphasizing the oneness of body and mind has been a unique feature of Japanese thinking since the establishment of Zen Buddhism.

The Western philosophical tradition, culminating with Wittgenstein, stresses that "we cannot say what we cannot think". But through metaphors, analogies, and pictures, people put together what they know in new ways and begin to express what they know but cannot yet say. As Polanyi put it, "We can know more than we can tell". The concept of tacit knowledge focuses on highly subjective insights, intuitions, and hunches that are gained through practical experience. This messy knowledge can prove indispensable in elaborating new concepts. As the authors underscore, "Ambiguity can prove useful at times not only as a source of a new sense of direction, but also as a source of alternate meanings and a fresh way of thinking about things. In this respect, new knowledge is born out of chaos".

Another important contribution of this book is to highlight the importance of middle managers and the role they play in the knowledge-creation process. Middle

managers serve as a bridge between the visionary ideals of the top and the often chaotic reality of everyday business. They synthesize the tacit knowledge of both front-line employees and senior executives, make it explicit, and incorporate it into new products and technologies. Their contribution points toward a model of management that is neither top-down nor bottom-up, but "middle-up-down". In this model, knowledge is engineered by middle managers, who are often leaders of a team or task force, through a spiral conversion process involving both the top and the front-line employees. Coming from a rich research field that combines theoretical speculation and practical experience, this management book is unlike any other. In no other text you will find discussions on the philosophy of Descartes and Nishida juxtaposing figures depicting the mechanics of a disposable cartridge in a photocopier. The case studies are not just vignette illustrations reduced to their skeletal form, they are thick descriptions replete with technical specifications and biographical details of key participants. There are no laundry lists of implementable measures or mnemonics of keywords that conjure the image of an alphabet soup. Instead the theory is illustrated by rich diagrams and stories, emphasizing the role of pictures and metaphors in conveying knowledge in a non-verbal form. The Oxford University Press ought to be commended for bringing this volume, the first in a series, to the attention of a public that seldom gets management books worthy of a rereading.

In a world where the only certainty is uncertainty, the one sure source of lasting competitive advantage is knowledge. The best companies survive by consistently creating new knowledge, disseminating it widely throughout the organization, and quickly leveraging it in their business processes and their products. In *The Knowledge-Creating Company*, Ikujiro Nonaka shows how your company can exploit its knowledge to continually innovate and reinvent itself in the face of relentless change. Since 1922, *Harvard Business Review* has been a leading source of breakthrough ideas in management practice. The *Harvard Business Review Classics* series now offers you the opportunity to make these seminal pieces a part of your permanent management library. Each highly readable volume contains a groundbreaking idea that continues to shape best practices and inspire countless managers around the world.

From *Library Journal* This book addresses the generation-old question of why the Japanese are so successful in business. The authors, professors of management at Hitotsubashi University, contend that Japanese firms are successful because they are innovative, that is, because they create new knowledge and use it to produce successful products and technologies. They identify two types of organizational knowledge: explicit knowledge, contained in procedures and manuals, and tacit knowledge, learned only by experience. U.S. managers tend to focus on explicit knowledge and stress approaches such as benchmarking, while the Japanese focus on tacit knowledge. Using corporate examples such as Honda, NEC, Nissan, 3M, and GE, the authors provide insights that reveal how to blend the best of both worlds. This scholarly volume is highly recommended not only for academics (especially in organizational theory) but also for readers doing business in and with Japan. ?Joseph W. Leonard, Miami Univ., Oxford, Ohio Copyright 1995 Reed Business Information, Inc. "A fascinating, exciting exposure to a new way of thinking about the knowledge-based company....Provides a model of knowledge creation that will be a touchstone of future work in this field....This important, imaginative book will challenge and intrigue managers and management scholars alike."--D. Eleanor Westney, MIT Sloan School of Management in the *Sloan Management* "A fascinating volume that will interest philosophers, managers, and more common readers....The analyses are so thorough that they make the one- and two-page descriptions in *Forbes* magazine seem like elementary fairy stories. The authors have done their research well and provide delightful details."--*Minneapolis Star Tribune* "Knowledge creation is to the 90s what excellence was to the 80s. I can't imagine a better book on organizational design for innovation. Nor can I imagine a better common focus for managers and scholars. This is the best and most original blend of organizational theory and practice we are likely to see for some time."--Karl E. Weick, University of Michigan School of Business Administration "This is the most creative book on management to come out of Japan. The same authors who introduced the rugby approach to new product development, now bring us a myriad of new concepts: tacit knowledge, the oneness of mind and body, middle-up-down management, hypertext organization, to name a few. The insights for this book originated in Japan, but the managerial implications are universal. It is a must read for managers competing in the borderless world."--Kenichi Ohmae, Ohmae Associates "Nonaka and Takeuchi take on a subject that is truly on the frontier of management: the process by which companies learn and create competitively valuable knowledge. What is refreshing about this book is that Nonaka and Takeuchi go beyond the slogans that have characterized much of the previous work on this subject, and delve into the specific organization structures and processes involved in organizational creativity and learning. They bring a wealth of specific, in-depth company evidence to bear on the task. The result is an important book which will advance both the literature as well as corporate practice."--Michael E. Porter, C. Roland Christensen Professor of Business Administration, Harvard University From the Back Cover Two leading Japanese business experts, Ikujiro Nonaka and Hirotaka Takeuchi, are the first to tie the performance of Japanese companies to their ability to create new knowledge and use it to produce successful products and technologies. In *The Knowledge-Creating Company*, Nonaka and Takeuchi provide an inside look at how Japanese companies go about creating this new knowledge organizationally. The authors point out that there are two types of knowledge: explicit knowledge,

contained in manuals and procedures, and tacit knowledge, learned only by experience, and communicated only indirectly, through metaphor and analogy. U.S. managers focus on explicit knowledge; the Japanese, on the other hand, focus on tacit knowledge. And this, the authors argue, is the key to their success - the Japanese have learned how to convert tacit into explicit knowledge. To explain how this is done - and illuminate Japanese business practices as they do so - the authors range from Greek philosophy to Zen Buddhism, from classical economists to modern management gurus, illustrating the theory of organizational knowledge creation with case studies drawn from such firms as Honda, Canon, Matsushita, NEC, Nissan, 3M, GE, and even the U.S. Marines. In addition, the authors show that, to create knowledge, the best management style is neither top-down nor bottom-up, but rather what they call "middle-up-down", in which the middle managers form a bridge between the ideals of top management and the chaotic realities of the frontline. As we make the turn into the twenty-first century, a new society is emerging. Peter Drucker calls it the "knowledge society", one that is drastically different from the "industrial society", and one in which acquiring and applying knowledge will become key competitive factors. Nonaka and Takeuchi go a step further, arguing that creating knowledge will become the key to sustaining a competitive advantage in the future. Because the competitive environment and customer preferences change constantly, knowledge perishes quickly. With *The Knowledge-Creating Company*, managers have at their fingertips years of insight from Japanese firms that reveal how to create new knowledge organizationally, and how to exploit it to make successful products, services, and systems.