

The Knowledge driven economy: challenging management, leaders, public and private sector, large and small organisations

This leaflet has been produced to raise awareness of the challenges which the Government's Competitiveness White Paper poses for management and of the need to create a new management agenda. It is a summary of the findings of a workshop arranged for the DTI and the DfEE by IfM and MCI with the support of the Design Council.

For more information

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**dti**

Department of Trade and Industry

the knowledge edge

Leadership, management and learning to create competitive
advantage in a knowledge-driven economy

Building the knowledge driven economy to reverse a century of decline

is the challenge set out in the Government's Competitiveness White Paper. It is relevant to leaders and managers in all businesses - private and public, large and small, manufacturing and services, established and start-up, wherever they are located. It challenges business generally to compete by the exploitation of our knowledge, skills and creativity - capabilities which competitors find hard to imitate. It challenges traditional ways of thinking and doing, traditional organisational and management structures, traditional education, training and development provision.

This leaflet is the result of a workshop held in January 1999 involving business and other participants, which sought to identify the challenges to management in the knowledge driven economy. The workshop was arranged for the Department of Trade and Industry and the Department for Education and Employment by the Institute for Manufacturing and the Management Charter Initiative with the support of the Design Council.

the leadership and management agenda

Establishing the knowledge driven economy requires a new mindset which crosses all boundaries between the public and the private sectors, between large and small companies. Its components include:

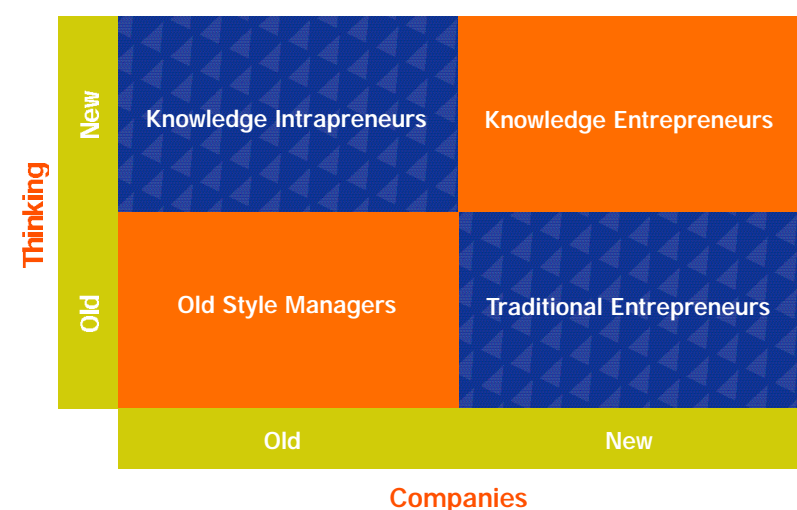
- a willingness to be entrepreneurial
- a focus on teamwork
- partnership strategies embedded across the enterprise
- a life-long commitment to learning.

'The Company with the ability to learn and to act on that learning faster than anyone else has the ultimate competitive advantage'.

Jack Welch, CEO, GE International

mapping the knowledge economy

Fundamental, challenging shifts in thinking, management or leadership systems are essential if the UK is to prosper. While traditional forms of management and entrepreneurship can adapt to new conditions, to realise the full potential of the new economy new types of knowledge entrepreneurs and knowledge managers are needed.



'The knowledge driven economy is a set of new sources of competitive advantage which will apply to all industries, to all regions and to all companies'.

the scale of the challenge

New technologies, shifting markets, organisational innovations are testing the knowledge, skills and competencies of leaders and managers. Building the new economy means:

- raising public awareness of the nature, demands and opportunities of the new economy
- establishing a new mindset in the public as well as in the private sector
- enabling fundamental shifts in thinking, management systems and leadership concepts
- developing new learning and new approaches to learning
- creating a new management culture.

To achieve the breakthrough from old to new, companies need to go beyond significant incremental improvements brought about by sharing best practice to the step-change of combining innovation and knowledge creation with its exploitation.

the time to respond to the knowledge driven economy is limited, because competition for first leader advantage is fierce and potentially irreversible once established.

the scope and pace of change is enormous, given the gaps between the best and worst performing companies which are widening, and the urgency of creating a coherent knowledge, competencies and skills strategy.

the risk of inertia is considerable, given that the financial barriers to entry are being replaced by the high knowledge barriers to entry, challenging organisational structures and familiar measurements of success.

the opportunity is:

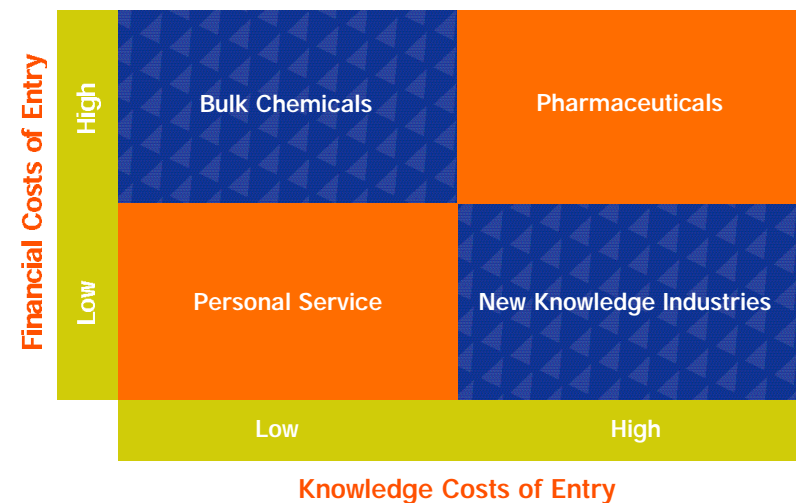
a vibrant economy **nationally, regionally, locally**

creativity and entrepreneurs to exploit it **inside and outside traditional company structures**

contracts of purpose, not employment **for the individual**

entering new industry

The dynamics of entering the new industries are materially different from those associated with traditional industries. Alongside the financial barriers to entry, there are now knowledge barriers to entry which can be more important than the financial costs in many industries.



'Knowledge creation leads to knowledge entrepreneurship'.

key questions for leaders and managers towards the knowledge driven economy

are we developing yesterday's managers for tomorrow's businesses?

Do we have what it takes in business education to drive knowledge industries with emphasis on leadership, creating vision and values, sharing and networks? Are vocational qualifications and in-company executive training sufficiently attuned to the needs of the 'new' economy?

'The knowledge economy means it is no use learning how to do something now – the present technology and the knowledge which goes with it will be quickly out of date'.

John Golding, Chairman, Hewlett Packard Ltd.

'We need to engage passionately in developing our leaders to manage change'.

Barry Childs, Director of Learning, Abbott Laboratories Inc.
(Diagnostics Division)

how do we break down old divides between management, entrepreneurship and leadership?

New challenges of managing in virtual companies, leadership in highly distributed companies, managing across hybrid cultures straddling the old and the new economy, and managing knowledge workers, mean overcoming divisions in theory and practice between management, entrepreneurship and leadership.

'The new and virtual businesses, like Amazon.com, are not so significant for themselves but because they challenge traditional ways of working and traditional relationships between organisations.'

Professor Chris Voss, London Business School

'We need clear leadership from the top of the organisation. And just as importantly, more importantly, in fact, everyone down the organisation picking up the cudgels'.

Rob Meakin, Group Personnel Director, GEC plc

'We need breakthroughs in transformation'.

Professor Tom Cannon, Chief Executive, Management Charter Initiative

can we develop learning organisations?

- which recognise that learning is not a remedial activity but a key source of competitive advantage;
- that are as good at learning as unlearning, and
- which match the learning aspirations of the individual with that of the organisation?

'The trick to innovation is not just learning and creation, it is often unlearning'.

Charles Leadbeater, Demos

'Traditionally courses in knowledge have been all about what I learn to do the company better. Is there a new agenda now which is about what I do to do **me** better because only by being a more profitable **me** can I make my company better. If I can get a return on my own assets then we all do better'.

Kevin Gavagan, Managing Director, Knowledge = Power

'We've got to understand the reward systems within organisations and between organisations and between organisations and society'.