FOREWORD: So Near ...  
Every idea is an incitement.

TQM,  
reengineering  
intellectual capital  

AGES: agricultural industrial information  

MANAGEMENT:  
division of labor, interchangeable parts  
assembly line, Scientific Management  
knowledge management  

Part I: The Theory of a Knowledge Business  
Chapter 1: The Pillars of the Knowledge Economy  
We are confronted with insurmountable opportunities.  

Consider a key.  

Knowledge is:  
1. what we buy, sell, and do (more science, less stone);  
2. an asset (human + structural + customer); and  
3. requires new technologies and strategies.  

data v. information v. knowledge v. wisdom  
total factor productivity  
leverage
Chapter 2: What Companies Do and Why They Exist
Companies only exist if people are willing to show up.

Efficiency sets the boundary between market and firm.

shapers

competition: deregulation and globalization
transaction costs
barriers to entry & exit

firm as bundle of assets v. beehive of ideas

purpose
complementary assets
tacit knowledge (collab. + custom. + nonlinear)
warranty

Chapter 3: The E-corporation
Information technology amplifies and alters trends.

management matters: bounded rationality & transparency
distribution is more than a cost
aggregation & arbitrage
broadcasting declines and service increases in importance
warranty
cutting costs cuts both ways
shut down rule
winner’s curse

dislocations + simplicity + scarcity

choke points: the standard; value chain; market share,
customer relations; brand; two-year lead; one-year lead;
20% lower costs; parts; distribution.

Part II: The Disciplines of a Knowledge Business
Chapter 4: An Intellectual Capital Strategy:
The Four-Step Process
inside out v. outside in is organization v. business

reverse markets (e.g., infomediary)
unbundling
industry boundaries
asset arbitrage

Assets are transformative.
You manage what you measure.
Value: chain v. network v. shop
Strategy: unique proposition + control + profit model.
Knowledge: growing intensity + primacy + value.
Chapter 4: An Intellectual Capital Strategy:
The Four-Step Process (continued)

Managing Intellectual Capital
1. Identify knowledge asset: input, process, and/or output
2. Match revenue to knowledge asset
   - human v. structural v. customer
3. Develop strategy for investing and exploiting
   - knowledge intensity + leverage + restructuring
   and
4. Improve efficiency of knowledge work and workers

Chapter 5: Investing in Intellectual Capital:
Working Knowledge
Harder, Smarter, and Faster

Chief knowledge officer
   - evangelizing + running + managing

(reality) map out: who knows what where
   - community + place + help desk
   - yellow pages + primer + knowledge artifacts
   - bulletin board + doorway

Size versus scale
Synchronicity: inventory is reliability
   - participants + empowered + time & distance + volatility

Chapter 6: The Case Against Knowledge Management
Technology: functional v. ceremonial
It's not what you know, it's what you remember.

Circulating correspondence
Knowledge is: raw material & value added & output
Knowledge Management is:
   - [a] knowing what we know,
   - [b] capturing and organizing knowledge, and
   - [c] using knowledge to produce returns.
Kraken creatures are:
   - [a] demand driven,
   - [b] tacit & latent knowledge,
   - [c] front-of-mind; and
   - [d] full of opinion.
Knowledge Management manages (i.e., teaching a knack): [a] work group, [b] need to know (transient v. abiding), [c] standardize v. customize, and [d] nature of knowledge.

Moore's Law: 18 month doubling of circuits per cm²

Rule of 70: \((70 \div i) = \) periods to double or to halve

Kay's Law: technology is inversely proportional to the amount of content transferred

content v. fidelity v. bandwidth

Finch: reliability, authority, efficiency, and replicability

Information Technology (IT) is about information (explicit); not knowledge (tacit).

SECI: socialization, externalization, combination/creation, and internalization

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Chapter 7: A New Offering: Selling Knowledge Products

Value springs from synchronicity.

leverage the data

- each data can serve multiple (hidden?) contexts
- reciprocal opportunities
- products v. projects v. processes

competitive advantage: differentiation & cost

monopoly: legal v. quasi v. economic

economies: scale v. scope v. knowledge

cash flows: revenue & margins, costs & capital requirements, cost of capital & taxes

value chain: yours (good) & customers' (better)

Never sell anything only once.

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Clare & DeTore Knowledge Assets Professional's Guide to Valuation and Financial Management

attributes of knowledge assets: whether tacit or explicit

[a] content; [b] structure; and [c] reasoning

knowledge is: fungible & transubstantiate & transformable

map knowledge on a choice board by

risk

scale

leverage: front loaded cost & multiple sales

pricing: explicit v. implicit (e.g., bundled)

product v. black box v. knowledge transfer

governance

channel management

line extensions

life cycles

knowledge community: network effects
end of material for Midterm Exam