



## BOOK REVIEW

# Knowledge innovation: strategic management as practice

Mitsuru Kodama

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Mitsuru Kodama has moved into academia relatively recently, after a career in the telecommunications industry with various companies in the NTT group, where he had responsibility for developing new products and services. This book represents his attempt to distil his experience into a form suitable for others to access. This is not an easy task. A clue as to the difficulties involved is given by the subtitle 'strategic management as practice'. One of the problems facing both academics and practitioners in strategic management is how to address the disconnection between the strategic vision and its implementation that is too often found in practice. In knowledge management (KM), this has been stated as the problem of bridging the gap between the statements in the vision and the business plan and the reality of KM in the organisation – linking 'top down' and 'bottom up' approaches (Edwards & Kidd, 2003).

Kodama does a good job of reconciling these sometimes conflicting demands, by striking a fine balance between theory and practice. The book is strongly focused on case studies, but also offers several original theoretical contributions to help in conceptualising this difficult task. The case studies are mainly about the industries that the author knows best, namely the telecommunications industry and the automotive industry, but cases from other fields, such as education and health care, are also included. Despite the emphasis on projects and innovations involving technological developments – almost inevitable in the telecommunications and automotive industries – this is very much a people-centred book.

There are three main areas of theoretical contribution in the work. Readers of *KMRP* may be aware of some of them from a paper published in this journal (Kodama, 2003). Underpinning the entire book are the concepts of strategic communities (SCs) and networked strategic communities (NSCs). These are derived from the now-familiar concept of *ba* (Nonaka & Konno, 1998). The use of the word 'community' will probably spark an association for many readers with the even more familiar concept of the Community of Practice. However, an SC is crucially different from a community of practice in its intent. Kodama cites the 'Issue-Driven Community' at Buckman Labs (Buckman, 2003) as an example of what he means by an SC – one where the actors (as he calls them) bring a diversity of knowledge and experience, and the focus is on practical innovation. Elsewhere these have also been referred to as communities of implementation (Shaw *et al.*, 2006). NSCs are, quite literally, networks of SCs. They may be within a single organisation, but are more likely to span its borders

to include customers, users, national or local government agencies, universities, suppliers or any other stakeholder relevant to the new product or service.

The second theoretical contribution is the introduction of the strategic activity cycle, 'the cycle by which actors share knowledge and inspire each other to create new knowledge' (p. 37). This is used to understand the dynamics of the instigation and operation of the SCs and NSCs, often in the form of two linked activity cycles representing knowledge exploitation and knowledge exploration. Seeking this balance between the present and the future is one of the hardest challenges facing both knowledge managers and strategic managers, so any additional insight that this model can give will be very useful indeed.

The third is the community knowledge creating cycle. Its four activities of sharing, inspiration, creation and accumulation are evidently related to those in the SECI model (Nonaka & Takeuchi, 1995) and share a similar spiral of progression. However, for this reviewer the real benefit comes in the complementary four-step model of the 'resonance process of value in community' (p. 64). Here the steps are sharing, inspiration, creation and resonance, with the focus on knowledge (in the community knowledge creating cycle) being replaced by a focus on leadership, vision and value(s). This is fascinating stuff, although there does seem to be an implicit

assumption that conflict can always be turned to constructive use. Undoubtedly, constructive conflict is an excellent driver of innovation, but this assumption may be over-optimistic. Or perhaps this is a typical reaction of a 'Western' reviewer to 'Eastern' ideas about KM, although this reviewer likes to think he has progressed beyond the inevitable bias of his upbringing – a little, at least!

Kodama also identifies another new role (or perhaps a forgotten role) for middle managers. Nonaka & Takeuchi (1995) previously pointed out that middle managers were the people in an organisation who had the time to stop and think, and so play a key role in knowledge creation. Kodama also identifies them as the main location for improvisation, which he sees as an essential element of successful innovation – a vital link between 'top down' vision and 'bottom up' activities.

Overall, this book was very interesting and thought-provoking, but by no means an easy read. The cases are detailed and the scholarship is impressive. The discussion about practical knowledge leadership (pp. 185–189), for example, based on Aristotle's three virtues, would be worthy of *KMRP's* 'Philosophers and KM' series. Academics and practitioners working in either KM or strategic management will find plenty here of value, as would research or dissertation students.

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