

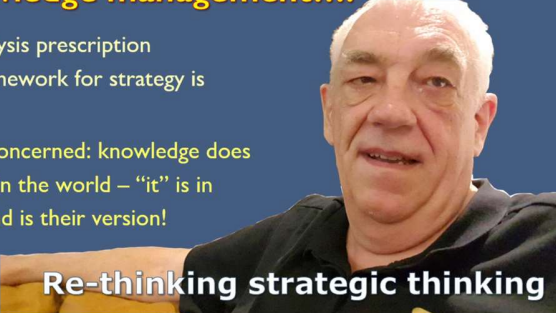
Re-thinking strategic thinking

What if Gregory Bateson taught Business Strategy?

What if Gregory Bateson had taught strategy?
Part 4 The myth and errors of knowledge management....

The cognitivist, analysis prescription implementation framework for strategy is riddled with error

Bateson would be concerned: knowledge does not exist as a thing in the world – “it” is in individual’s minds and is their version!



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00:00 An area that has hit strategy and strategic thinking quite hard, or as an alternative perspective, or as a way of arguing with Michael Porter, is knowledge, knowledge management and capability. Let's talk about that for a moment or two, or probably about 15 minutes, with Bateson kind of sitting here and giving us a commentary on some of the highlights of that stuff.

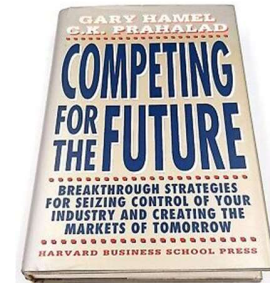


So, let's start off.

One of the books which was really, really impactful and influential on my thinking and the thinking of my dear, dear colleague and Dean of the Business School at

that time, Peter Franklin, influenced us both and caused us to think very carefully about what we were doing in our strategy work and our work together, was Hamel and Prahalad's book, “Competing for the Future”.

This book was, in the way that it hit, Peter and I, really radical. And what the argument was, was that the strategy literature before then was very much, as I



started way back at the beginning in the start of part one, about products and about markets and about positioning.

02:07 And business competition was very much about product competition within an industry or marketplace. I say [raspberry] because these are very loose and difficult terms to be precise with, whatever they mean, one of the issues in the strategy.

02:30 Hamel and Prahalad argued really very, cutely, (allegedly from the study of Japanese businesses) that that is no longer a good or useful way of thinking

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about businesses, what they're doing and how you might make them grow and develop.

02:51 They made the argument that the competition is really at the level of resources, finding resources, finding and developing processes, which are better than your competitors. And because of your process advantages, because of your resource advantages, you are able to achieve or deliver intermediate product, (that's part finished final product).

You're able to develop intermediate product at a price position that your competitors cannot.

03:40 And at that point, and this is crazy in Porter's terms, at that point you can sell your intermediate product to your competitors.

Now provided that intermediate product is key in the end product, provided that intermediate product is, what am I trying to say? *valuable*, in the sense that you make enough money out of making it, You can do two things. You can sell virtually your product by selling this key intermediate product. So you preserve your own brand, you've got your own brand, within it is this point point.

And the classic example is the print engine in a photocopier, that's the one in the literature, (tells you how old the literature is).

[Boing! There you are John, people have come and diverted you again].

04:48 And so when you sell your print engine, your intermediate product to your competitor, you achieve two things. Sales of a really valuable bit of your end product, so you boost your virtual market share, and your competitor can't do it anymore. They have lost the competence to compete. So you've got your own product, you've got the intermediate product, and you've got a competitor who can't compete in the future.

Now that kind of makes a lot of sense, doesn't it? So here we have a model, here we have a rationale developed out of studying, looking at the businesses. This is the issue.

Bateson would have been fascinated by how they were doing that.

05:47 Bateson would have, as they do, made comment on the way in which in Anglo-American businesses

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managers work in different functions to get cross-business functional experience and qualify themselves to be a general manager, because they've managed in many disciplines, they have a general capability.

06:14 Japanese practice is not like that, Japanese practice is to immerse individuals within their discipline within the business. So people who rise in the business to senior positions have a very, very deep understanding of that aspect of their business.

06:41 And because in Japanese business culture they do not look for streamlined efficiency, Japanese business culture jobs interlace, so things are shared.

07:00 Now sharing responsibility in the UK or American business culture is a yippee, I can blame the other bugger.

In Japan you can't do that, Japanese culture you can't do that. There's a collective responsibility for that shared outcome amongst the managers.

So Bateson would be really, really interested in the processes involved of negotiating, sharing, developing understanding, developing the modelling of the way in which the business is operating.

07:34 I've chosen those words carefully, thank goodness.

The way the business is operating, people are immersed in those processes, and those processes are growing out of the success.

07:50 Hamel and Prahalad, you cuties you, came along, spotted that pattern, or rather created that pattern as a description, and used the word competence and capability to connect (okay,) ideas and things together, and therefore give us a, give us a theory.

08:15 Now Bateson, he would be I think complimentary about the discovering, the researching, way of thinking, and the appreciation of those rich and complex processes in the Japanese businesses that they were looking at.

I'm not so sure that he would be complimentary about the end result of all of that lot, which is one dimensional aspect of strategy, which is about the capability of a company, and the dynamic capability of a company. Because the, the "analysis" that's going on is, "okay I've got this wonderful idea, core capability, core competence (all right, that's from Hamel and Prahalad) dynamic capability,

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09:23 And I'm going to look at this new company.

John and Reza's Spa.

Aye yai yai.

09:39 What are the competence and capabilities which are needed?

Well we've seen that over there, we've seen that over there, we've seen that over there, seen that over there, so they need to develop these, these, these capabilities.

09:53 The issue is you can't just install the capability. I'm moving around because of the sun.

Whoops Daisy.

You just can't install the capability. The capability isn't an abstract thing, that you can just go and put it in. It ain't gonna work.

10:14 What Hamel and Prahalad spend, well I'm sure at least one chapter, but it's a while since I read the book in detail. At least one chapter....

10:23 Is a thing they call architecture. The strategic architecture, I think strategic architecture.

10:37 They don't ever, at least in a way that I can recognize, explain what this strategic architecture is. They just

speak of it as being necessary to grow and to develop competences and capabilities. [Sorry I'm not comfortable. If his is, this was really professionally done. I will be editing this out. Yes that's better.]
To develop the strategic architecture, to develop the competences and the capabilities within an organisation

11:12 They don't ever, in a way that I could recognize, sorry I'm repeating myself. Clearly take, talk about what it is. And I'm wondering whether that's because they couldn't ever find it.

11:35 The words, the language that they were using and focusing on the model had an epistemological error in it. Which is once they were focused and settled on the core competences, which give advantage in competing for the future, they missed the boat.

12:00 They started to focus on these things that don't exist, the epistemological error, and lost the plot in terms *how these things came into being*. How these things that they've articulated came into being is really about the strategic architecture and requires a real deep understanding of how those businesses are operating,

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how things are working, the culture of Japanese



enterprise, yeah.



[compared with]
the [forcing down,
driving the change
style], sometimes with
external consultants
help, of Anglo-
European management
I think this is I think
this is I think what
Bateson would be
preoccupied with

13:02 But okay in the normal language of strategy then we have notions of competence or we have notions of capability we have a concern with knowledge and here we have the arrival of the knowledge management industry

13:22 Knowledge for Bateson absolute no no absolute absolute no no there there ain't no such thing there really really isn't
and I'm trying to understand uh I'm an ex-academic okay I'm trying to understand this is the world of

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- enterprise from a perspective of knowledge and just didn't get to work just didn't get to work¹
- 13:51 Why? Well there's a very very big literature around what knowledge is and it goes from one end canonical knowledge, knowledge which is written down and and taken as a I'm going to call it a canon this is this is an absolute truth like what it says in the bible this is it
- 14:24 and through to a kind of very very casual or informal knowledge of how to ride a bike or even the examples which are used in asking people to explore the nature of knowledge are tell me share your knowledge of how you walk
- 14:51 well the literature um just trying to organize my thoughts carefully the literature has a discussion very academically about the notions of knowledge let's park that because it's somewhat irrelevant um then we come to ideas of Polanyi P-O-L-A-N-Y-I Polanyi I can't see it I can't remember but anyway what's important is he
- differentiates between explicit knowledge and tacit knowledge
- 15:30 for him explicit knowledge can be represented in words so it can be written or it can be said it can be explored Bateson would have an argument with that but never mind and so that can be represented tacit knowledge is to do with our ways of being in the world our ways of moving usually is the examples given engaging talking with perceiving perception they cannot be explained
- 16:09 For some people they are the they are embodied or embodied in them not sure which way around it is in um muscle memory in in um sorry they are embodied you know they're they're things that we do but we can't explain
- 16:33 One of the games I would play sometimes with students is I want you to raise your right hand Please now please tell me how did you do that their answers are intriguing because their answers are using

¹ View [Bit 5](#) of Re-thinking strategic thinking in 6 bits, plus [bit 6](#) for an explanation

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- explicit descriptions of outcome not the know-how of doing it
- 16:58 What I mean by that well I just lift my arm up um
no no I'm asking you how you lifted your arm up
- 17:05 oh well I've got muscles yeah so I tighten the muscles
- 17:09 yeah okay I'll buy that how did you tighten the muscles
what how did you identify the muscles you needed to use
how did you identify what you needed to do to tighten those muscles
how did you tighten.....
- 17:28 Well most of that's just implicit isn't it it's it's known in the body
- 17:33 So here's a question in an organization in your organization maybe as I was in here in in the business school what tacit knowledge is known in the body corporate so to speak what are the unknown undescribed processes which are essential for accomplishment of stuff and can't be spoken of or not spoken of when we when we try and express this tacit level of knowledge whether it be across or within an organization what about ourselves it cannot be done when we choose to represent that in words we have epistemological error we start to try and operate in
- the world in a way that doesn't represent the way the world works
- 18:44 Let's move to a to a related area rather than using Polyanyi let's
- 19:05 move on to Nonaka n o n a k a
- 19:15 Nonaka was interested in and here again is a contradiction in base only in terms interested in the "knowledge creating company"
- 19:33 He and his colleagues because he didn't do this entirely on his own was interested in what in the normal strategy language we will concern we would call knowledge transfer like knowledge transfer as an expression is very very misleading
Well first of all as I've said to you knowledge doesn't exist even if i'm talking about something specific um..
- 20:09 oh i don't know at the moment I'm building a virtual railway so I'm using the technology of the virtual um railway to build a virtual railway from my very real son for him to play trains
We would say there is knowledge of that package of that system um and you could transfer that from one user to another user. Hey I tell you as a user you

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cannot do that partly because the receptive system is not as good as it might be um in terms of receiving that knowledge transfer in other words I'm thick um but also and and more so is knowledge transfer is just what we're back to is one individual expressing something and another individual seeing or witnessing that expression and receiving it *and then attempting to reconstruct it*

The area of using computers is it's an interesting one to think through because you're feel for yourself it's an intensely personal experience uh organizationally uh teaching people to use computers is quite a significant business area and money's to be made in the teaching packages so they can “transfer” knowledge but the **knowledge transfer this is what i'm arguing with** it's not a good way of describing things and that When I'm reading those responses the author has taken for granted stuff that they think I know or they think I should know but I just don't know so the root into me starting to use something so I can develop my know-how my knowledge my know-how I can't actually start it off

22:31 it's so um well you know as long as I find it embarrassing that I can't go with it. Oh dear we're turning into a confessional

Anyway whatever what I try and say to me is this one:

22:44. What Nonaka brought is a questioning of the idea that we tend to hold within our western traditions of knowledge and knowledge transfer right what they um gave us in in their in their in their modeling was something which was much much more akin to the way in which Gregory Bateson would be thinking and they gave us this they gave us the idea that we as human beings learn how to do stuff by being together we learn to participate you know we dwell and I'm sorry to do this from a kind of childhood thing but this this is the place really to start and understand we dwell in the family and we understand and if you've got a five-year-old like we have you get this very quickly oh I see things I hear things and then I come out with well I'll give you one of the current polite “ones oh my god and daddy daddy daddy daddy da” a Googooism okay

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24:04 so stuff is socially acquired social immersion and it goes on and it doesn't stop in childhood um the guys are really really telling us that when groups of people work groups and and across work groups mixed work groups in an organization socialize I'm going to use the word dwell together then they start to transfer to each other values or understanding or world view or perspectives

24:41 they might articulate this is what they pick up in the literature and share difficulties or problems and they find that some members of the group have ways of dealing with them and others don't and they and share that so you get tacit knowledge being redeveloped and this is actually

25:04 it's actually quite important the tacit knowledge is not *transferred* from one individual to another **but it's redeveloped and recreated** among the individuals sometimes it's recreated really accurately and sometimes there's error in the recreation. That error can be beneficial you know it's a bit like our modeling and our thinking about um evolution the evolution of tacit know-how they call it knowledge

tacit knowing how to operate knowing how to do things knowing how to accomplish things and know how is really really important and that happens within those little communities within the broader communities within the larger communities

25:55 um For those of you who've moved from one culture to another culture uh so once you move outside your own culture and you're living in a new culture as an adult um you you really begin to appreciate some of that because some of the things you just don't understand don't get um I often find myself confessing that I'm behaving like a three or four year old because i don't understand some of the culture still here in the Philippines so anyway

26:28 When those um things emerge those sort of things emerge when this coping because that's that's that's a useful word when this way of coping emerges tacit tacit we can then or we do try to make that more explicit and here people are engaging in an effort to represent perhaps tacitly

26:59 What Nonaka offers us is strategic architecture missing from Hamel and Prahalad's work is actually processing

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the organization that facilitate accelerate explore and consider representations of that tacit knowledge in words or in process specifications or in procedures but normally in words
so we have um
amplified or developed tacit knowing how to do things represented and being given a description description okay

27:52 What Nonaka then speaks of is how organizations can look at those or people (sorry I shouldn't say organizations) people within those organizations look at and recognize those explicit representations of stuff and seek to combine them and in seeking to combine them they are creating new descriptions of new things. One of my jobs as an academic and as a teacher was actually to do this to see that see that see that recombine it package it and anyway it is what i'm doing now so these representations brought together in combinations and those combinations represent new opportunities those explicit *descriptors* are representative of new opportunities but you have to be able to, from your immersion within the

organization and what it is that it's doing or what it is people within it are doing, from its vision of why it's there and what it is it's trying to achieve you can block out from that act those opportunities and be and recognize them and those which are seen to be significant or those which are seen to be significant or important as new entities new ideas.

People start working on them to bring them about to bring them into being and then new work processes new technique new technology new ways of doing things new ways of coping are developed so some individuals start converting that explicit representation into a this is what you do this is how you do things and when that starts happening that is then brought back into being tacit tacit this is how we do stuff this is how we do stuff this is how we do stuff

30:10 So you have what Nonaka calls the knowledge conversion cycle but **actually what it is is the growth of know-how cycle okay**

30:26 Organizations will work when there is no how shared knowing how to do things this is what really really matters

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30:41 **Well where have we got to** let's uh cycle back recycle back into where we started from
I think if Bateson was teaching strategy what would he be doing and asking us to work with, asking us to reflect upon, what would he have me doing crazily in class or somehow somewhere um to enable people to learn about strategy **not teach to enable people to learn** strategy

31:44 well, I think he might actually encourage us to start um... no he wouldn't he wouldn't go for it
What I was going to say was....
Oh let's get hold of Chia and Holt "strategy without design".... go for it son um and i must admit i mean that's that's that's in a way what i would want to do jump in there but we have to think about what we're doing what we're thinking
I think Chia and Holt, well when you look at their book bless, and it's such a nicely crafted book; but it's an academic's book

32:37 um they develop these beautiful arguments with what is around and and wrong so just be an error a mistake

in the the popular strategy literatures of the moment albeit 10 years ago
plus

33:05 the issue is you simply cannot be that confrontational no you simply can't say all this stuff all this stuff that you're used to hearing about strategy yeah particularly given its association with the military and military backgrounds all this stuff which is premised on deliberate action

it's wrong it's crap throw away

I don't think audiences are going to come to listen I certainly if I try and imagine doing it with undergraduates uh maybe with master's students **no way no way** you might if you're lucky with a group of doctoral students um have some success but certainly on a doctorate of business administration which was the doctoral program that I was working on and really really enjoyed um people will be so entrenched *in their jobs* and their life

and many of them would be consultants trying to improve their consultancy prospect business so deliberation deliberate strategy

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34:22 you can't throw that away pal you can't throw that away you can't throw it that way

34:29 no Bateson's not gonna go there Bateson's not gonna go there

What we would be trying to do what we'll be looking to do is to bring about a real recognition amongst the students of this notion of dwelling and I think that would be the way to go I think that would be the way to go um and then from that notion of dwelling and getting people to explore where where they are we would um seek to do some behavior stuff

35:17 I'm using the wrong language aren't they we would do some simulations aarrgghhh

35:22 ah what we would do we would be giving groups and teams of people tasks and those tasks designed to challenge their thinking or their communication skill their ways of talking and ways of interacting to accomplish something that's not obvious and something that's a bit difficult

35:43 So these games or tasks or adventure training stuff require very very good facilitation facilitation skills because what uh needs to happen is after the

experience there's got to be a penetrating um a surfacing from the students of **how** things were happening and what it is that they were doing



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You take care. We'll see you next time.



The playlist

<https://www.youtube.com/playlist?list=PLOlzrdw8c9lxsImsgFsy7CO32-kTfq4>



The playlist:

<https://www.youtube.com/playlist?list=PLOlzrdw8c9lzyKhwi0Xupdt6uaLjVAT9I>

What if Gregory Bateson had taught strategy?



If Bateson taught business strategy, what would he do?

I/We taught "good practice" in my school, **but** I can't help thinking it was **wrong**

This is about thinking through why it was wrong



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Playlist :

<https://www.youtube.com/playlist?list=PLOlzrdw8c9lwHRAUm4v9VIm2AifP3B2N>