A new trend in Knowledge Management is emerging...

Peter Senge, guru of Organizational Learning, co-authored his latest book about “Presencing”

Leif Edvinsson, guru of Intellectual Capital, inspired many “Future Centers” around the world
What is “Presencing”? Understanding Senge

Presencing: Learning of the Second Kind

"...a 'second type' of learning ...from a future that has not yet happened and ...discovering our part in bringing that future to pass."

Peter Senge

"The state at the bottom of the 'U' is presencing – seeing from the deepest source and becoming a vehicle for that source."

– Peter Senge et al., 2004
Presencing: Drawing from the “Deepest Source”

Transfer of best practice = copying from the past

Innovating NEXT PRACTICE = learning from the future

Best practitioner

conscious

subconscious

Presencing

NEXT PRACTICE

5 Disciplines in Learning Organizations (from Senge)

- Mental models: Ability to surface beliefs/assumptions about how the world works (sub-personal level)
- Personal mastery: Capacity for self-learning and self-management, and for managing the creative tension between ideal and reality (personal level)
- Team learning: Group skills and aptitudes for thinking and deciding together (interpersonal level)
- Shared vision: Crafting and holding to a common direction (organizational level)
- Systems thinking (= “The Fifth Discipline”): Ability to see interrelationships in the bigger picture (supra-organizational level and sub-personal level)
Discipline #1: Mental Models

- Awareness of one’s assumptions, premises, concepts and beliefs (=watching one’s thoughts and thought processes or “metacognition”)
- Willingness and ability to make one’s assumptions explicit before a group (=making public what is private)
- Willingness to place one’s assumptions to reality check and utility check (=does not equate mental model with reality)
- Willingness to accept mistakes (=ability to disinvest one’s ego from one’s assumptions)
- Readiness to revise one’s assumptions if warranted (=readiness to unlearn)

Some Tools under Discipline #1

- **Left-Hand Column**: documentation of one’s thoughts during a meeting; the formal minutes of a meeting is the Right-Hand Column (from Peter Senge)
- **Ladder of Inference**: detailed description of one’s reasoning processes between one’s observation and resulting conclusion (from Peter Senge)
- **Mind Mapping**: the ideas one associates with a central idea, and the interconnections among them (from Tony Buzan)
- **Reflection-in-Action** e.g. during Double-Loop Learning (from Chris Argyris and Donald Schön)
Our mental models ≠ Reality
Mental models = Representations of reality

"The problems in the world stem from the difference between how we think and how the world works."
– Gregory Bateson

Mental Model A vs. Mental Model B

If I die a martyr, God will bring me direct to Paradise

God gave this land to me
Rigidity of Institutions: From Vested Economic, Political and Religious Interests

<table>
<thead>
<tr>
<th>CHANGE IN MENTAL MODEL</th>
<th>TIME LAG TO CHANGE INSTITUTIONS BASED ON NEW MENTAL MODEL</th>
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<tbody>
<tr>
<td>Schedule to stop production of ozone-depleting substances</td>
<td>37 years from 1950 when Bates and Nijslet showed how CFCs destroy the ozone layer to 1987 formal adoption of the Montreal Protocol by the community of nations</td>
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<tr>
<td>Greenhouse gases causing global warming and climate change</td>
<td>41 years. In 1967 Manabe and Wetherald showed link between CO2 and global warming. In 1988 Intergovernmental Panel on Climate Change was created. After the 2011 Durban Summit, international agreement on Kyoto Protocol’s again postponed.</td>
</tr>
<tr>
<td>Decolonization of African continent</td>
<td>42 years: from Libyan independence in 1951 to independence of Eritrea in 1993</td>
</tr>
<tr>
<td>Communist party and central planning in the Soviet Union</td>
<td>74 years. 1917 Bolshevik Revolution and 1922 establishment of the Soviet Union; non-communist parties allowed in 1990; 1991 Soviet Union broke up.</td>
</tr>
<tr>
<td>Negative health effects of cigarette smoking</td>
<td>75+ years. 1929: Dresden study found link between smoking and lung cancer; 1938: Johns Hopkins study found link between smoking and shorter longevity; 1939: University of Cologne controlled epidemiological study confirmed Dresden findings.</td>
</tr>
<tr>
<td>Acknowledgement of scientific facts by an organized religion</td>
<td>359 years. 1633: Roman Catholic Church condemned and persecuted Galileo for his findings on the solar system. 1992: Pope John Paul II formally apologized to Galileo.</td>
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Substitute “our Planet” for “our organizations”...

"The central message of The Fifth Discipline is...that our organizations work the way they work, ultimately, because of how we think and how we interact.”

— Peter Senge
What is a “Future Center”? Understanding Edvinsson

Future centers are special working environments that help organizations and people break out of patterns and routines, see issues from multiple perspectives, and choose effective courses of action. They are high-touch, technology-enhanced learning spaces, which enable people to create and develop solutions that help them to:

• Deal effectively with today’s challenges;
• Achieve middle- and long-term goals;
• Deliver sustainable solutions and results.

Source: http://www.innovationecology.com/FutureCenters/What%20is%20a%20Future%20Center.html
Example: A Cottage Industry Reinvents Itself

The Problem
- Small-scale accessory-jewelry industry in Asakusa, Tokyo in Japan is losing to cheaper Chinese manufacturers
- Small family-owned SMEs are closing
- Artisans are losing their jobs

The Solution
- From FC workshops the group identified plating as their core strength
- They established a Guild of Plating and began to take orders
- Sales increased and saved their industry from dying


IC is Future Accounting (IC= Intellectual Capital)

According to Edvinsson:
- "IC is about future earnings potential, i.e., a 180 degree shift of perspective.
- "IC reporting is about (building) trust on future prospects.
- "IC accounting is about the future put into numbers and narratives, i.e., future accounting instead of historical cost accounting."
Scope of KM:
entries in red text

<table>
<thead>
<tr>
<th>Intangibles</th>
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<tbody>
<tr>
<td>Book Value</td>
</tr>
<tr>
<td>leadership</td>
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<tr>
<td>skills, talents</td>
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<tr>
<td>learning and innovation</td>
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<tr>
<td>vision and strategy</td>
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<tr>
<td>systems and processes</td>
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<tr>
<td>documents and databases</td>
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<tr>
<td>partners and networks</td>
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<tr>
<td>framework and morale</td>
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<tr>
<td>trust, reputation, brand</td>
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Create 60-90% of market value

International groups are devising ways to measure these

What accountants measure

Market Value: what stock buyers are willing to pay

Depends on expectations of future earnings and on business confidence
"The days when incremental or continuous improvement preoccupied corporate managers are over. It is to **innovation and breakthroughs** that those managers have turned their attention. For achieving innovation, the most relevant tool is no longer quality control or quality management. It is knowledge management in its broadest sense."

– Former Secretary General Shigeo Takenaka
Asian Productivity Organization, Tokyo


"Knowledge is **the source of wealth**. Applied to tasks we already know, it becomes **productivity**. Applied to tasks that are new it becomes **innovation**."

Innovation Can Create More Value

W. Chan Kim and Renée Mauborgne

In 2008, 74% of Gross World Product was created from knowledge assets.

The world economy is now creating more wealth from **human knowledge and creativity** than from natural resources.
In summary, the new trend is **KM for Innovation**

Four Stories about my Experiences in Innovation in the Development Sector
Levels of Innovation and Story #1

1. Innovative national policies
2. New social-institutional arrangements
3. New market spaces or niches, new arena (e.g. “blue ocean”)
4. New products and services: most common
5. Process innovations/improvements: most common

Seeking Best Development Practices
Philippine Studies Program, UP Asian Center

Commonalities across 17 cases:
- “We” feeling among participants: cohesiveness and
- “This is ours”: feeling of ownership;
- Commitment to group goals and values, embodied by the –
- Leadership or core group.
Development Models of Economic Empowerment of the Community

- **People’s Agro-Industrial Corporation** or PAIC: investors bind themselves to sell the enterprise to the employees after realizing reasonable ROI
- **Olecram Mining Company**: community-managed and majority-owned company where barangay captain is labor-guarantor-cum-personnel-director
- **Village Corporation of Land Bank**: gradual divestment by Land Bank in favor of farmers; discontinued due to later contrary Bank policy
- **OPASCOR**: labor union dissolved upon 100% employee ownership; board re-hired ex-CEO

PAIC: a Creative Social Experiment

1980 proposal to President Marcos:
- Investors sell the agro-industrial complex at book value to the workers’ cooperative, after
- Investors recovered their capital and realized reasonable profits, and they
- Trained entrepreneurs, managers and technicians among the employees, while
- Employees have grown amongst them a productive and spiritual work ethic.
PAIC: Revising the Corporate Model

• Target: 100% employee ownership
• Investors behave like parents to their employees → corporation takes on family-like dynamics (no adversarial labor-capital or labor-management relationship)
• Combination of material (business) and non-material (spiritual) values
• Economic empowerment → political empowerment of local communities

Personal Reflections on Story #1

• Social innovations are more important than technological innovations.
• The utility and appeal of an innovation must be high so that people will want it or commit to it.
• Even if an innovation is strategic or high-level, if it is not supported by legislation, it remains as an isolated “best” or good practice.
Levels of Innovation and Story #2

1. Innovative national policies
2. New social-institutional arrangements
3. New market spaces or niches, new arena (e.g. “blue ocean”)
4. New products and services: most common
5. Process innovations/improvements: most common

Philippines 2000

• Before then AFP Chief-of-Staff Gen. Fidel V. Ramos entered the Presidential ring, I was asked to take a one-year leave from UP.
  My task: to convene small groups all over the Philippines and ask one question: “If Mr. Ramos becomes President, what policies would you like him to adopt?”
• Upon winning and assuming the Presidency, President Ramos appointed me to the National Security Council.
  My first task: look for reform-minded USecs, CEOs and civil society leaders.
  My second task: convene this group to deliberate and propose a national strategy for the President to consider.
Philippines 2000: Mind map of root causes of our economic ills

Personal Reflections on Story #2

- A mind map is a useful KM tool to make visible how a group thinks about something.

- Seeing the two big symptoms (poverty and inefficient industries) → twin strategy: people empowerment and global competitiveness

- The twin strategy led to a train of corrective, facilitating and enabling policies.

- I saw and experienced the tremendous multiplier effects of the twin strategy.
Levels of Innovation and Story #3

1. Innovative national policies
2. New social-institutional arrangements
3. New market spaces or niches, new arena (e.g. “blue ocean”)
4. New products and services: most common
5. Process innovations/improvements: most common

How Knowledge is Created

Critical start: the “creative spark”

By Creative Insight
- intuition, insight, hunches
- divergent thinking, e.g. problem finding, uncovering customers’ latent needs
- paradigm shift: a radical change in mental models

From Experience
- accidental learning
- trial-and-error, testing, experimentation
- “workarounds”: improvisations on standard work practices

Via Action Learning
- process documentation
- after-action review, lessons-learned meeting, retrospect
- diagnostics: what went wrong, customer or user feedback
- learning cycle: plan-do-review-learn
- team learning

Sources:
1. Annie Brooking
2. John Seely Brown
3. Nick Milton
4. Peter Senge
5. Edward de Bono
6. Ikujiro Nonaka
7. Jusela and Nissley
8. John Garvin

Formal R&D, Invention or Design
Leveraging Best Practices in Community SD Projects

- We were uneasy. Documenting or manualizing a best practice into a “How-To” booklet did not capture important elements in the best practice that pertains to the personality of the best practitioner.
- We devised a companion booklet we called “Vignette”:
  - Stories and selected quotations from the best practitioner which shows how he or she thinks and makes decisions
  - Augmented by video recording and pictures
  - Conceptualized a new leadership quality common among effective rural leaders: “development sophia”

A Sample from a Vignette

VIGNETTE 3 - KEEPING HOLD OF POWER FOR THE PEOPLE
BY BARANGAY CAPTAIN CARLOS "CALOY" NOLLEDO

Inspired by the encouragement of Fr. Lucas and the people of Barangay Binubaw, Caloy who was then working for Landbank, ran for barangay captain and won. Aside from serving his first term as barangay captain, he is also an active member of KARPM.

I was lucky to have finished a degree in Lucena City. This brought me to an employment in a number of companies. I first took a job in a copra mill in this place. I was the bookkeeper. When copra milling slowed down, I joined a classmate in a coco charcoal business in Malabuyoc, Cebu and worked as the assistant manager. When the office was phased out, I was transferred to another place doing the same work. Again, the company closed, so I went back to Infanta.

Fr. Lucas took me in at ICDAI. He was my teacher in Mt. Carmel High School. I joined ICDAI as community organizer. I organized the farmers and fisherfolk and facilitated loans with minimal interest for people in need so they will not borrow from loan sharks. Later, I was sent by Fr. Lucas to Aurora where I was able to organize five groups in different barangays that eventually transformed into a cooperative. When my task was accomplished, I went back to Infanta.
### Summary of Worldview, Attitudes and Values among PO/NGO Leaders

#### Worldview/Perspective/Image of Self
- “There is no successful project without God.”
- When you do God’s work, He will provide.
- “This LLM is part of God’s design.”
- A leader should be a “jack of all trades.”
- Poverty and greed are obstacles to values formation: “A hungry person does not recognize any law.”
- “Everybody will die. The question is when, how and for what end.”
- What is important is “the inner strength that is developed so people will be propelled to do what is good…. guided by the will of the Lord.”
- “My work is a mission from the Lord.”
- “A leader is a good model. I have to have self-discipline and self-control. If I have to discipline other people, I have to discipline myself.”
- Success is measured in small acts, like picking up cigarette butts and candy wrappers.
- “Valuing the environment is integral in people’s lives.”
- “The voice of the people [when united] is really powerful.”
- Self-esteem brought about by success
- Sense of ownership by the community is an important component of sustainability
- “Transformation is an awakening process… The leader can provide a venue but the transformation should emanate from the person himself.”
- Putting God in the center of one’s life

#### Attitude/Feeling/Emotion
- Volunteerism
- Monetary incentive can kill volunteerism
- Issue of monetary rewards is secondary: funding agencies seek out organizations that do excellent work
- Working relationship hinged on financial gains sometimes results in conflicts
- Help a community until you “find yourself irrelevant in the community (so that eventually it no longer needs your help)
- Honesty and transparency
- Willingness to share “talent, treasure and time”
- Personal commitment

#### Value/Aspiration/Goal
- Values transformation of the people
- Acceptance by the people of a project because it was conceptualized by them and they see that it benefits them
- Harmony among the people
- Unity in diversity
- Although society leans more towards patriarchal leadership, co-management should be employed.
What is “success”?

“First, the leafy part from each coconut leaflet is removed by a knife to produce one tingting. This is like individual discipline: it is difficult or painful but when done, it is a small success. Then many tingtings are tied together into a broom. This is community discipline and unity – a bigger success. With a broom you can clean the seashore of garbage. If the community is united and a project answers community needs – when families get their own house, land and livelihood and they can help themselves and the community – then the project is successful. However, that is not the end-all of success.

The last stage [last arrow pointing to houses inside a heart] is when you no longer need the broom because every community member understands and respects or feel responsible for the environment, and no longer throws garbage. That is far greater success.

Small, big and greater successes
Personal Reflections on Story #3

• Tacit knowledge (e.g. talent of a leader) is more important than explicit knowledge (e.g. a manual)
• There are less important and there are more important types of tacit knowledge; “development sophia” is an example of the latter.
• My development concept can be an obstacle in doing what is right for a community.

Levels of Innovation and Story #4

1. Innovative national policies
2. New social-institutional arrangements
3. New market spaces or niches, new arena (e.g. “blue ocean”)  
4. New products and services: most common
5. Process innovations/improvements: most common
Exemplar KM Practices in Networks

KM = knowledge sharing among themselves (?!)

International and regional development agencies, NGOs and development practitioners

- National government; policy makers and development planners
  - Local governments, local NGOs, local development practitioners, private sector, academy
  - Community-based organizations
    - Peoples organizations

DEVELOPMENT RESULTS

"Closest to the ground"

We started with an observation.

We noticed some commonalities among 10 outstanding projects selected from 952 anti-poverty projects funded by PEF* in 2003-2007.

*PEF= Peace and Equity Foundation, our partner NGO in KPA development
A Successful Project among Tbolis

We learned:

Many so-called “poor” communities are **wealthy in intangible assets**: social capital, human capital, cultural capital, human capital, access to resources etc.

These assets largely determine success of anti-poverty projects, and NOT any external intervention or factor.

“Poor” communities are only “financially poor” or “poor in infrastructure or technology.” The label “poor” came from development workers like me!
Launching of the PEF-CCLFI book “Community Wealth Rediscovered”

Philippine Development Innovation Marketplace or “Panibagong Paraan”, April 2008

Knowledge-Based Development

- Sustainable Development
  - Rio Summit, 1992

- Knowledge-Based Development
  - Asian Development Bank, 2007

- Knowledge for Poverty Alleviation
  - CCLFI and PEF, 2008

World Bank, 2002-2005

Asian Development Bank, 2007

NATIONAL LEVEL

LOCAL/COMMUNITY LEVEL
PhD Dissertation of Philip Peñaflor in Timor Leste

Appreciative Inquiry

Intangible and Tangible Assets

Community Self-Assessment

Stakeholder Analysis

Community’s Vision

PROJECT IDENTIFICATION

An Output of Community Self-Assessment in Timor Leste
Personal Reflections on Story #4

• Again, my development concepts had to be revised for they can be obstacles in how I perceive people and communities.

• KM practitioners in the development sector view KM from their own level, and hence problematize KM as one of knowledge sharing among themselves.

• KM at the community level requires a drastic revision of perspective on the part of the KM practitioner.
Thank you for your attention

Q&A

Thanks to Dr. Philip Peñaflor for critiquing this presentation.

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