



CCLFI Philippines

KM for Development: Focus on R&D and Innovation

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SEARCA-KMAP-UPLB DevCom Forum
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Los Baños, Laguna



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



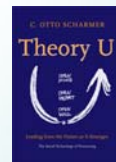
Peter Senge

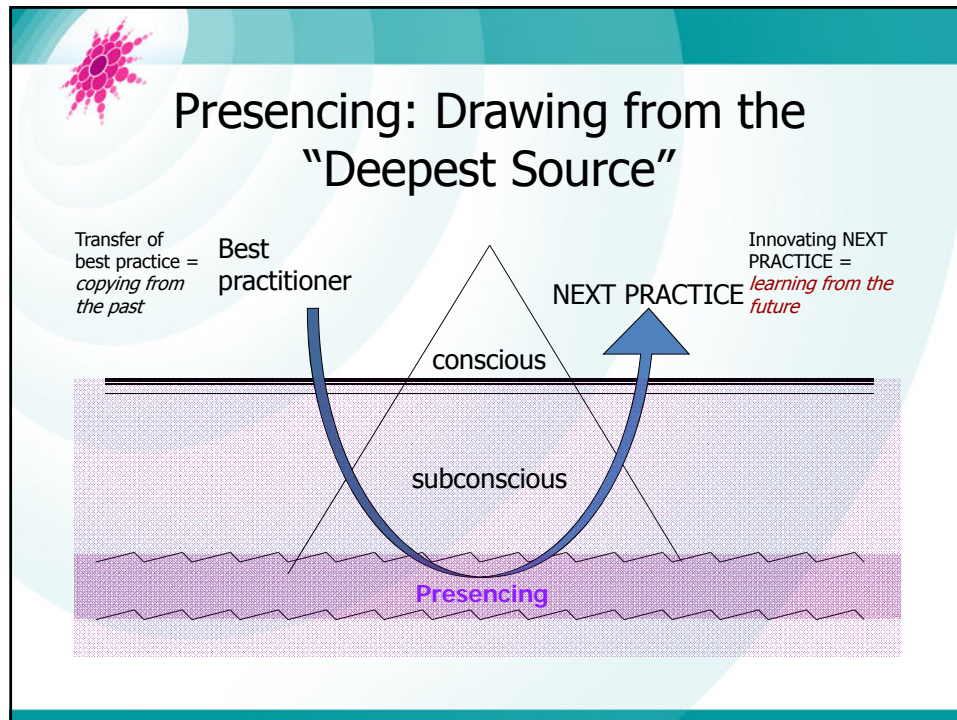
Presencing: Learning of the Second Kind

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

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

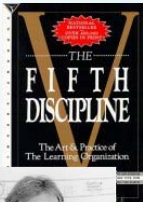

– Peter Senge et al., 2004





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)

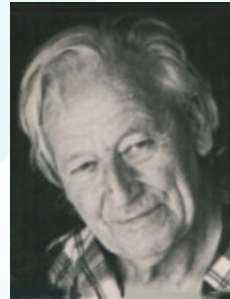


Our mental models \neq Reality

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:

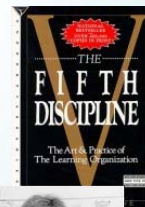
From Vested Economic, Political and Religious Interests

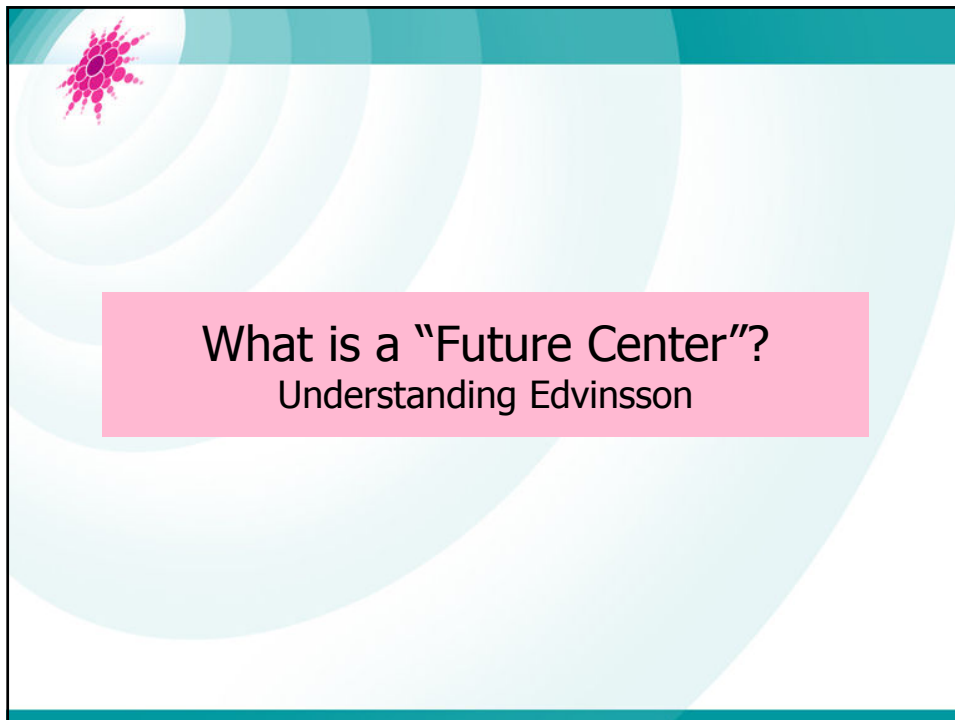
CHANGE IN MENTAL MODEL	TIME LAG TO CHANGE INSTITUTIONS BASED ON NEW MENTAL MODEL
Schedule to stop production of ozone-depleting substances	37 years from 1950 when Bates and Nicolet shows how CFCs destroy the ozone layer to 1987 formal adoption of the Montreal Protocol by the community of nations
Greenhouse gases causing global warming and climate change	41+ years. In 1967 Manabe and Wetherald shows 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 is again postponed.
Decolonization of African continent	42 years: from Libyan independence in 1951 to independence of Eritrea in 1993
Civil rights movement in the US and discrimination against blacks	54 years. 1954: US Supreme Court rules school desegregation is unconstitutional. 1955: Rosa Parks refuses to yield her bus seat to a white passenger. 2008: US elects first African-American president.
Communist party and central planning in the Soviet Union	74 years. 1917 Bolshevik Revolution and 1922 establishment of the Soviet Union; non-communist parties allowed in 1990; 1991 Soviet Union broke up
Negative health effects of cigarette smoking	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.
Acknowledgement of scientific facts by an organized religion	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.

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



What is a Future Center?

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

Source: "Practical KM Guide for SME Owners/Managers." Tokyo: APO, 2010



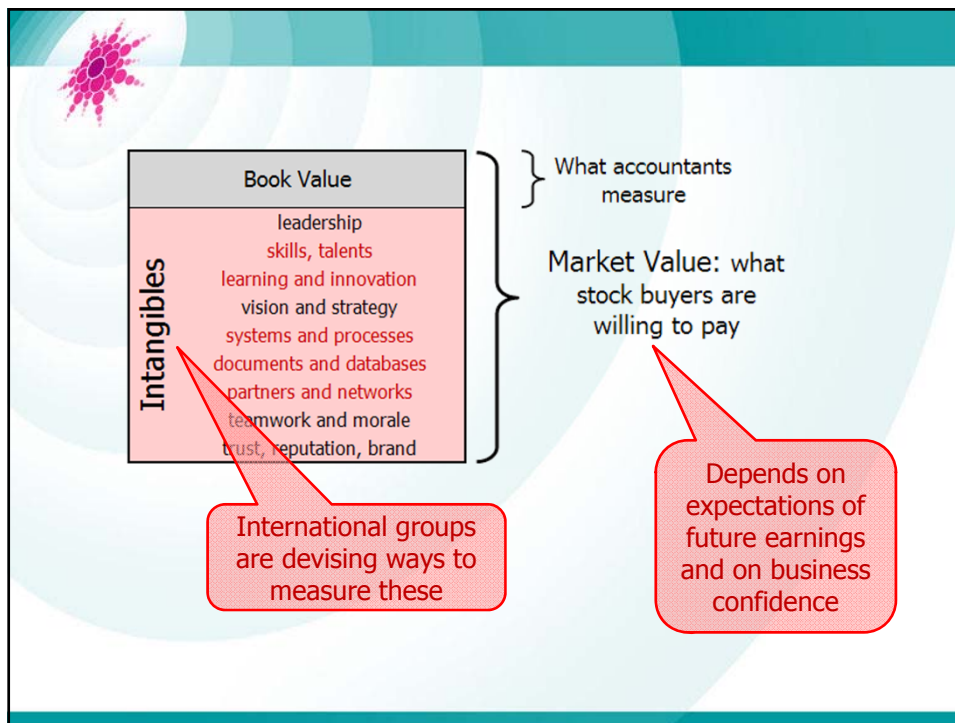
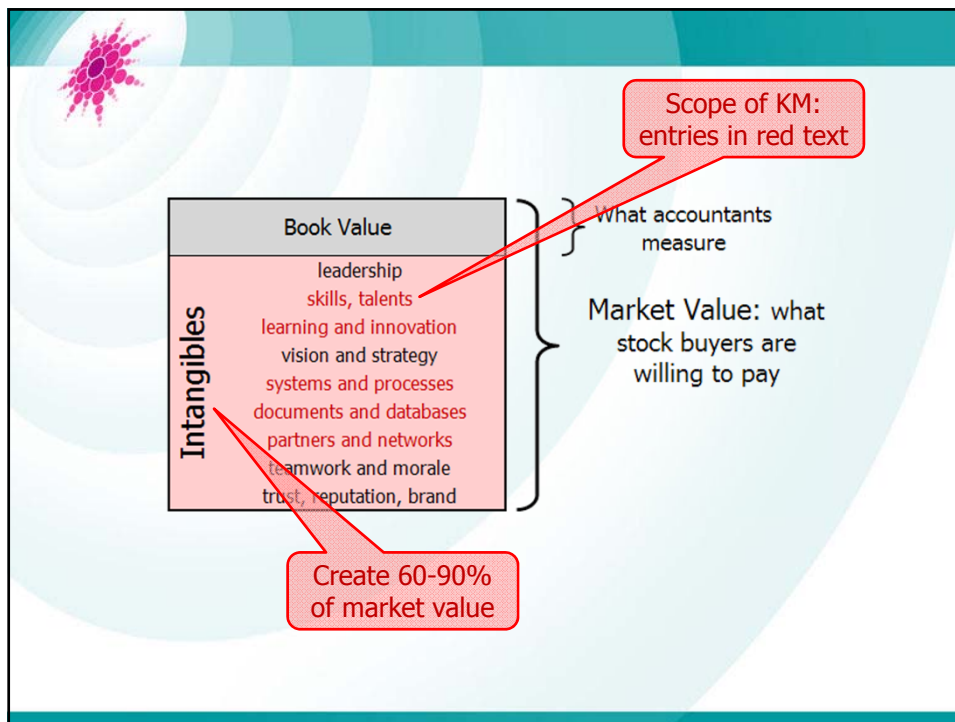
IC is Future Accounting (IC= Intellectual Capital)

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."*



Leif Edvinsson





*"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

Source: http://www.apo-tokyo.org/00e-books/IS-25_IPC2007/IS-25_IPC2007_Report.pdf

Knowledge Creates Wealth

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

— Peter F. Drucker, in:
Management challenges of the 21st Century.
Harpercollins, 1999



Innovation Can Create More Value



How to Create
Uncontested Market Space
and Make the Competition Irrelevant



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.*



Levels of Innovation and Story #1

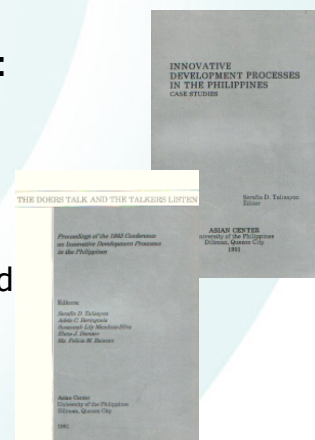
1. Innovative national policies
2. New social-institutional arrangements
3. New market spaces or niches, new arena (e.g. "blue ocean")
4. New products and services: **most common**
5. Process innovations/improvements: **most common**



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

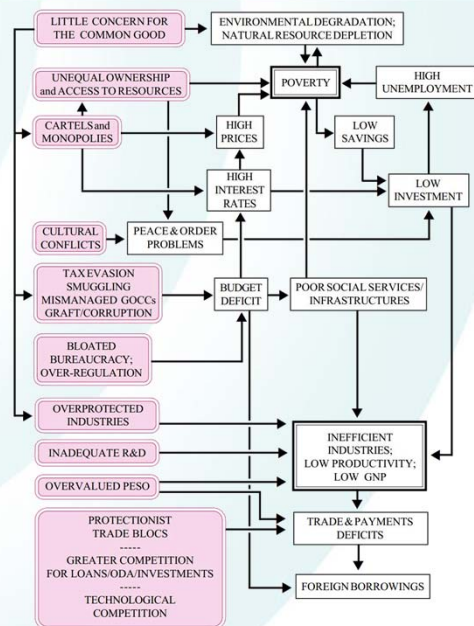
1. Innovative national policies  ^{2nd} story
2. New social-institutional arrangements
3. New market spaces or niches, new arena (e.g. "blue ocean")
4. New products and services: **most common**
5. Process innovations/improvements: **most common**



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

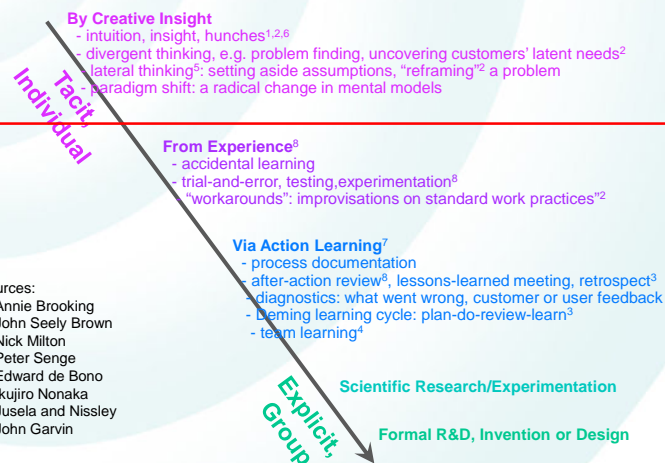
- A mind map is a useful KM tool to make visible how a group thinks about something.
- Seeing the two big symptoms (poverty and inefficient industries) → twin strategy: people empowerment and global competitiveness
- The twin strategy led to a train of corrective, facilitating and enabling policies.
- 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**  **3rd story**
5. Process innovations/improvements: **most common**

How Knowledge is Created

Critical start: the "creative spark"



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



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



Kapitán Caloy with Evelyn

Inspired by the encouragement of Fr. Lucas and the people of Barangay Binulusan, 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 FARMC.

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 Mulanay, Quezon 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 ICDAL. He was my teacher in Mt. Carmel High School. I joined ICDAL 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 *barangay* that eventually transformed into a cooperative. When my task was accomplished, I went back to Infanta.



Elements of Development "Sophia"

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



Elements of Development "Sophia"

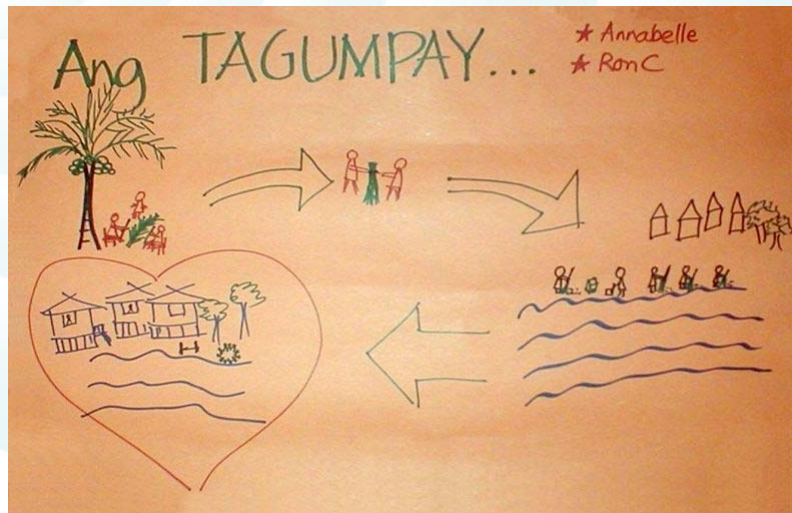
Attitude/Feeling/Emotion

- 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"?



Small, big and greater successes

"For us, the start of development is like making *walis tingting*!"

"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.



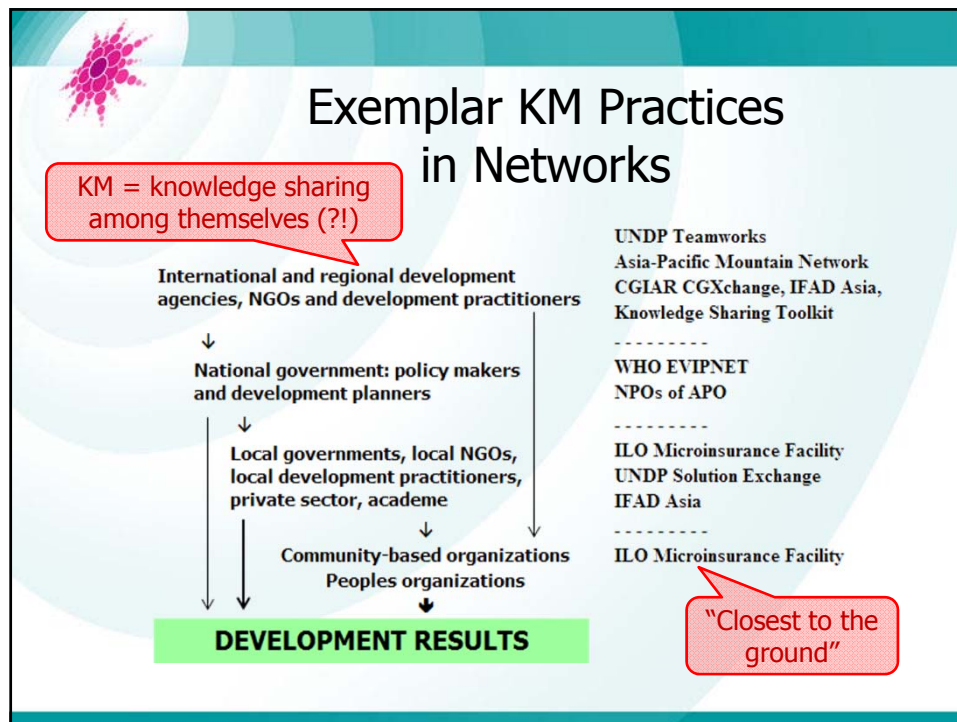
Personal Reflections on Story #3

- 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**
-  **4th story**



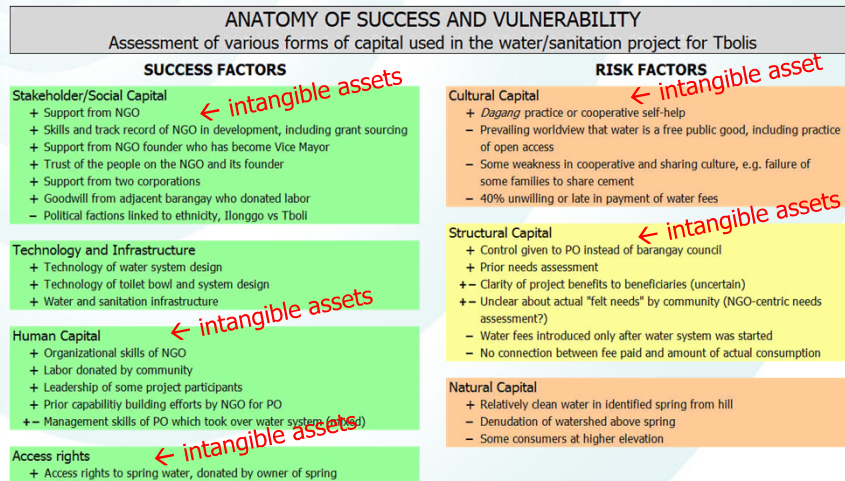
We started with an observation.

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

PEF

*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.

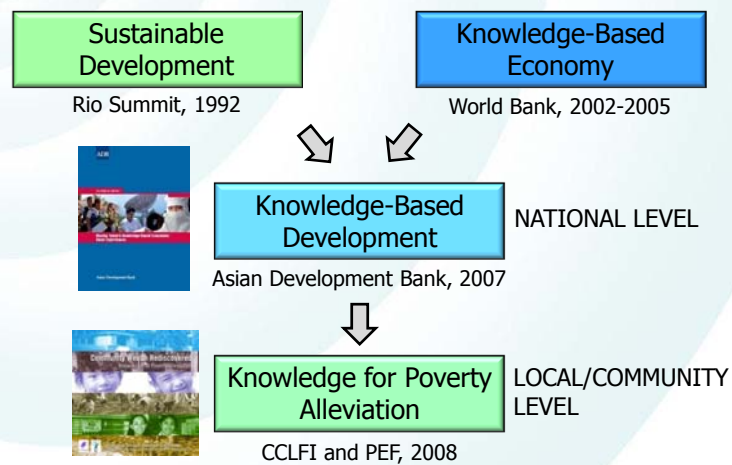
"Poor" communities are only "financially poor" or "poor in infrastructure or technology." The **label "poor"** came from development workers like me!

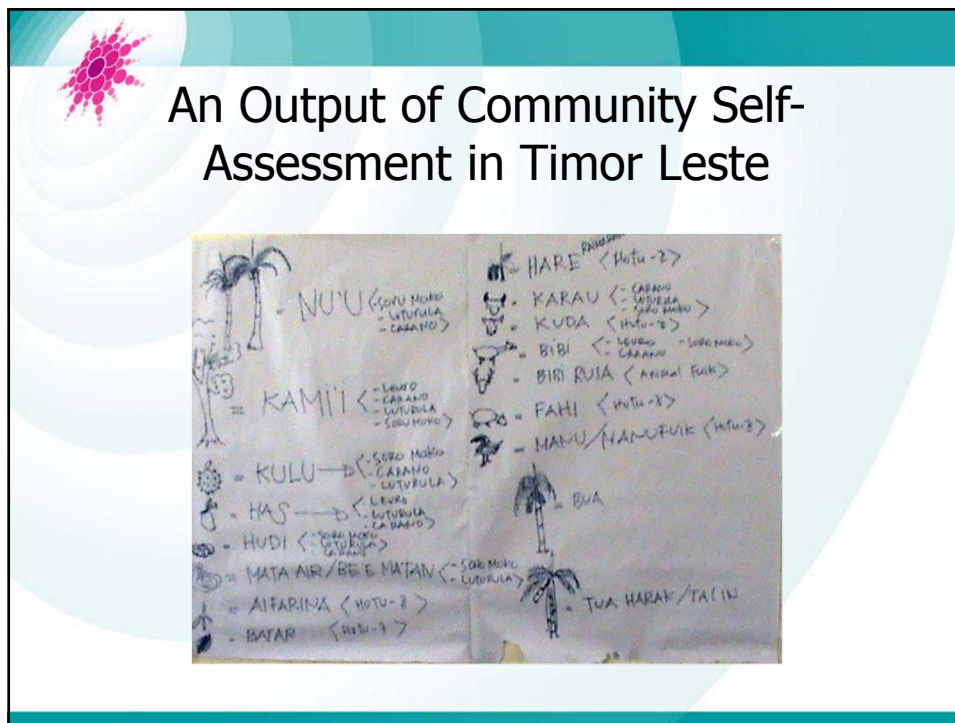
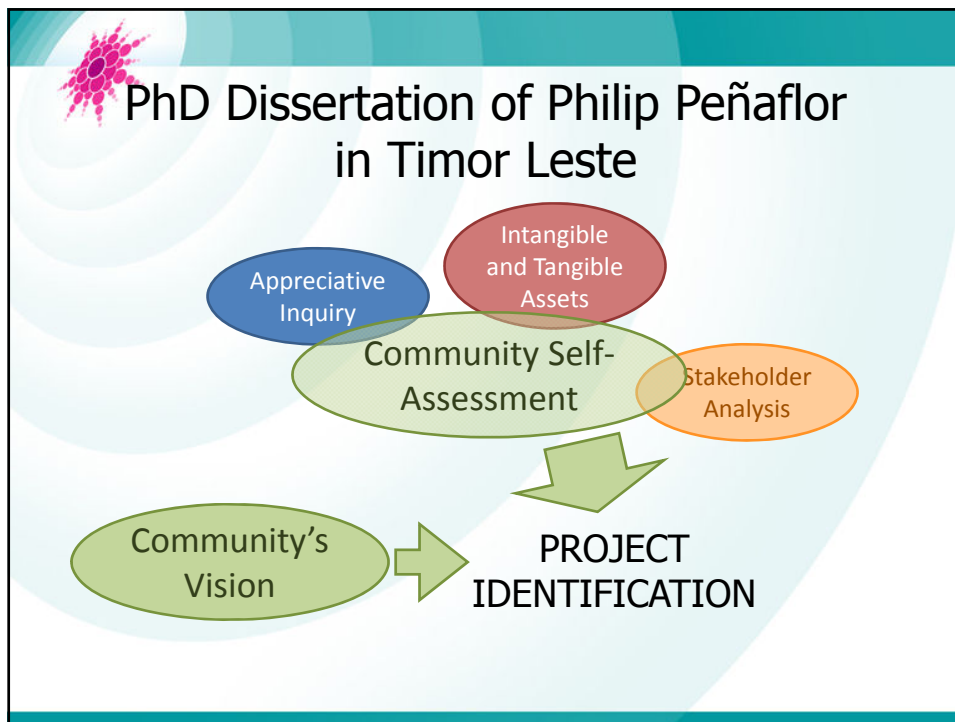
Launching of the PEF-CCLFI book "Community Wealth Rediscovered"



Philippine Development Innovation Marketplace or "Panibagong Paraan", April 2008

Knowledge-Based Development







Philip with Community Members



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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