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Deep Smarts: How to Cultivate and Transfer Enduring Business Wisdom

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the seeds sown by labor-intensive ethnographic research methods can bear rich fruit.

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Deep Smarts: How to Cultivate and Transfer Enduring Business Wisdom. By Dorothy Leonard and Walter Swap. Boston: Harvard Business School Press, 2005. 304 pp. ISBN 1-59139-528-3, \$29.95 (cloth).

This book is the culmination of an intensive multi-year field study of 35 entrepreneurial organizations at different stages of development. At its heart, the book is about knowledge management. The authors provide a thorough, insightful examination of the many facets of knowledge management within organizations, from individual learning to knowledge sharing to knowledge creation. Rather than simply offer a summary of their findings, they place those findings in the context of existing research from a wide array of disciplines, including sociology, psychology, organizational behavior, organizational theory, and human resource management. Their efforts have resulted in a book that is exemplary in several important ways.

First, the book provides a rich, multi-disciplinary perspective on what “deep smarts” are and how they are deployed within organizations. According to Leonard and Swap, deep smarts are forms of individual know-how based on first-hand experience and tacit knowledge that evolves over time and is shaped by individual beliefs and social interactions. Deep smarts are not only knowing what to do, but also knowing why or why not to do something; they are as much about understanding as about knowing. They are also about knowing who knows what—understanding the social network of knowledge within organizations. Most of us would agree that knowledgeable employees are potentially rich assets within companies when they are rewarded for using their knowledge. But do we really know how employee knowledge

and expertise are acquired? In this book, Leonard and Swap take us through a number of different organizational situations to highlight the importance of exposing employees to a wide array of experiences over time to facilitate the development of deep smarts.

Second, while Leonard and Swap provide a compelling argument for the importance of deep smarts within organizations, this book is much more than an overview of what deep smarts are and why they are important. Understanding what deep smarts are is a necessary but not sufficient precondition for unleashing their potential within organizations. Understanding how to develop and share deep smarts is where the true power of knowledge management lies, and that is where this book truly excels. Although the authors devote considerable attention to the nature of deep smarts and how they add value within organizations (Chapters 2, 3, and 4), in the remainder of the book they examine how the development of these deep smarts is enhanced, or constrained, by beliefs, assumptions, and social influences (Chapters 5 and 6), as well as how expert knowledge is shared and transferred to others (Chapters 7 and 8). Chapter 9 puts the concepts of learning, knowledge creation, and knowledge-sharing in the context of management and highlights many traps and opportunities to consider in managing knowledge and expertise. Leonard and Swap do not make the mistake of simply stating the obvious—that expertise is important, particularly in innovative companies. Rather, they show the reader *how* that expertise is developed in the context of employees’ individual, occupational, demographic, and social backgrounds as well as through their organizational experiences. By emphasizing context, the authors correctly imply that there is no single one best way to develop deep smarts—each person and each company is unique, and developing deep smarts is shaped by the process of acquiring them. As a result, how deep smarts develop, and ultimately their nature, vary from situation to situation.

Third, even though identifying the link between organizational success and how employees are managed does not seem to be a primary objective of the book, the authors do thoughtfully consider it. While companies may differ in whether employees are viewed as a cost to be controlled or an asset to be nurtured, the growing shift toward knowledge as a basis for competitive advantage suggests that the latter may be more appropriate. From a practitioner perspective, Leonard and Swap do not disappoint.

Following the book's theoretical examinations of the process of developing deep smarts are sections in which the authors skillfully draw out direct and practical implications for managers and employees. Many of their key points and suggestions are directly applicable to human resource management practices used within organizations.

While I certainly enjoyed reading this book and wholeheartedly recommend it to others, it has several limitations related to the sample used. First, while many insights can be gleaned from an examination of companies that operate in highly uncertain and evolving conditions, it is not clear whether, or to what extent, these insights are applicable to more established, larger, or more stable organizations. Although the authors are careful to include examples—ranging from NASA and General Electric to emerging and very young companies—that span a wide range of circumstances, most of the discussion focuses on innovation related to the Internet economy. Second, although the authors note that deep smarts may exist at all levels of an organization, not just among top managers, the respondents who provided data for this study were predominantly top managers and their coaches (venture capitalists, industry mentors, and the like). Not all of these high-level workers were seasoned and well established in their positions, but even young CEOs and managers in start-up ventures play organizational roles that obviously differ from those played by, for example, blue-collar workers or professional employees whose jobs are not focused on the overall strategic direction of the company.

These limitations, however, do not seriously detract from the value of this book. Using tools from a wide range of academic disciplines, the authors have trenchantly analyzed real world examples of deep smarts and provided a framework for understanding both their nature and how to cultivate and transfer them. Given the growing importance of employee, and organizational, knowledge as a critical component of organizational functioning, business strategy, and competitive advantage, a book focusing on deep smarts is certainly timely. For anyone interested in knowledge management, this book is a great resource and a pleasure to read.

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International and Comparative

European Integration and Industrial Relations: Multi-Level Governance in the Making. By Paul Marginson and Keith Sisson. Basingstoke, Hampshire and New York: Palgrave Macmillan, 2004. 360 pp. ISBN 0-333-96866-2, \$65.00 (cloth).

Some books and articles get known for the bold and extreme nature of their arguments, arguments that more often than not are unsupported and simplistic. This book gets it right by doing just the opposite. With a fine attention to detail, Marginson and Sisson describe the complex nature of the evolution of industrial relations in integrated Europe. Their method is institutional industrial relations at its best. The data derive from a series of thorough company- and sector-level studies conducted through a number of projects and with the help of various teams of researchers. A "governance" perspective is used to analyze how industrial relations are evolving at workplace, company, multi-company, sectoral, national, and European-wide levels.

Given the wealth of information and subtle analysis the authors provide, I am tempted to stop here and merely state that to know what is going on in European industrial relations you should read this book. If you need further convincing, then continue to read as I summarize the authors' key findings, but recognize that my summary will not do justice to the quality of the analysis.

On one side of the great debate regarding Europeanization are those claiming that European industrial relations is in the death-grip of an Americanization involving de-unionization, decentralization, and the fatal weakening of union power and social democratic regulation (what might be called the Euro-pessimist position). On the other side are those who see a movement toward, or at least still hope for the possibility of, a leveling-up to a social Europe through the emergence of an active and social democratic European level of social regulation and industrial relations (the Euro-optimist position). Marginson and Sisson see developments in both directions, and what is most striking is that the seemingly contradictory tendencies are shown not to be inconsistent. Marginson and Sisson clarify, for example, how it could be that while on the one hand there is a spread of decentralized collective bargaining, replacing previous multi-company or sectoral