Deep Smarts: How to Cultivate and Transfer Enduring Business Wisdom

Recreating Tacit Knowledge Through Guided Experience

Working Knowledge Research Program
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What are Deep Smarts?

Deep smarts are a potent form of expertise, based on first-hand life experiences, providing insights drawn from tacit knowledge, shaped by beliefs and social forces. Deep smarts are as close as we get to wisdom. They are based on know-how more than know-what—the ability to comprehend complex, interactive relationships and make swift, expert decisions based on that comprehension. Deep smarts cannot be attained through formal education alone—but they can be deliberately nourished and grown and, with dedication, transferred or re-created.
Ladder of Expertise (Deep Smarts)
## Differences Between Experts and Novices

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<thead>
<tr>
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<th>Experts</th>
<th>Novices</th>
<th>Limitations</th>
</tr>
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<tbody>
<tr>
<td><strong>Speed of Decision-Making</strong></td>
<td>Make decisions swiftly, efficiently, without reviewing basic facts</td>
<td>Need to review all facts and choose deliberately among alternatives</td>
<td>Over-confidence; expert may ignore relevant data</td>
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<tr>
<td><strong>Context</strong></td>
<td>Take context into account: knowledge is “contextualized”</td>
<td>Rely on rules of thumb that minimize context</td>
<td>Difficult to transfer contextualized knowledge; novices prefer general rules</td>
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<tr>
<td><strong>Extrapolation</strong></td>
<td>Able to extrapolate from novel situation to find a solution</td>
<td>Lack of receptors limits basis for extrapolation</td>
<td>Mental set: Expert may base solution on inappropriate pattern</td>
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<tr>
<td><strong>Discrimination</strong></td>
<td>Able to make fine distinctions</td>
<td>Use of rules of thumb obscure fine distinctions</td>
<td>Expert may not help novice who lacks receptors</td>
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## More Differences…

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<tr>
<td>Awareness of knowledge gaps</td>
<td>Know when rules don’t apply</td>
<td>Don’t know what they don’t know</td>
<td>Ignorance: Expert may assume expertise where none exists</td>
</tr>
<tr>
<td>Pattern-recognition ability</td>
<td>Have large inventory of patterns drawn from experience</td>
<td>Limited experience constrains number of patterns</td>
<td>When no patterns exist, expert may be no better than novice</td>
</tr>
<tr>
<td>Tacit Knowledge</td>
<td>Extensive tacit knowledge drives decision making</td>
<td>Knowledge is largely explicit</td>
<td>Difficult to access tacit knowledge, so difficult to transfer</td>
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Shaping Deep Smarts

Knowledge Framing: Beliefs and Assumptions
(Chapter 5)

Internal Influences: (Self)

Knowledge Building: Experience and Expertise
(Chapters 2, 3, and 4)

Knowledge Filtering: Social Influences
(Chapter 6)

External Influences: (Other People)

Knowledge Transferring: Coaching and Guided Experience
(Chapters 7 and 8)

Acquiring Deep Smarts

The Role of Knowledge in Cultivating and Transferring Deep Smarts
The Role of Knowledge in Cultivating and Transferring Deep Smarts
Distribution of Experiences

Number of Experiences

Types of Experiences

Most common experiences

Rare experiences
Experience Repertoire of Entrepreneurs During Boom Times

Most common experiences

Number of Experiences

Very Bad

Very Good

Economic Situation

Experience of most entrepreneurs in the study
Coaches’ and Entrepreneurs’ Experience Distributions

Number of Experiences

Very Bad

Very Good

Economic Situation

Coaches’ experience

Entrepreneurs’ experience
Shaping Deep Smarts

Knowledge Framing: Beliefs and Assumptions (Chapter 5)

Knowledge Filtering: Social Influences (Chapter 6)

Internal Influences: (Self)

External Influences: (Other People)

Knowledge Building: Experience and Expertise (Chapters 2, 3 and 4)

Knowledge Transferring: Coaching and Guided Experience (Chapters 7 and 8)

Acquiring Deep Smarts

The Role of Knowledge in Cultivating and Transferring Deep Smarts
A Belief System of Some Coaches

Peripheral Beliefs

Economy business models may work

New business models should be tried

Risk taking, failure are inevitable

Central Beliefs

Innovation is good
Shaping Deep Smarts

Knowledge Framing: Beliefs and Assumptions (Chapter 5)

Internal Influences: (Self)

Knowledge Filtering: Social Influences (Chapter 6)

External Influences: (Other People)

Knowledge Building: Experience and Expertise (Chapters 2, 3, and 4)

Knowledge Transferring: Coaching and Guided Experience (Chapters 7 and 8)

Acquiring Deep Smarts

The Role of Knowledge in Cultivating and Transferring Deep Smarts
Social Influences on Beliefs

Compliance  Conformity  Herd Pressures  Tribal Allegiances

Increasing influence on central beliefs
Shaping Deep Smarts

Knowledge Framing: Beliefs and Assumptions (Chapter 5)

Internal Influences: (Self)

Knowledge Building: Experience and Expertise (Chapters 2, 3 and 4)

Knowledge Filtering: Social Influences (Chapter 6)

External Influences: (Other People)

Knowledge Transferring: Coaching and Guided Experience (Chapters 7 and 8)

Acquiring Deep Smarts

The Role of Knowledge in Cultivating and Transferring Deep Smarts
Modes of Knowledge Transfer

Active Learning

- Learning by Doing (Guided experience)
- Socratic Questioning
- Stories with a Moral
- Rules of Thumb
- Directives/Presentations/Lectures

Passive Reception

Increasing Growth of Deep Smarts
Modes of Knowledge Transfer

- **Learning by Doing**
  - Guided Experience:
    - Guided Practice
    - Guided Problem-solving
    - Guided Observation
    - Guided Experimentation

- Socratic Questioning
- Stories with a Moral
- Rules of Thumb
- Directives/Presentations/Lectures