

These days, uncertainty is the only certain thing. The days of organizations being able to rely on reliable income sources and conventional market research techniques are long gone. There is undoubtedly more data than ever to evaluate. However, thriving in a volatile market requires a distinct set of skills and understanding.

Knowing your surroundings and customers' demands on a more personal level is key to running a savvy business. It's about believing in your intuition and attempting to coexist peacefully with society. In other words, it's not simply about making money.

In these chapters, you'll learn

- what lessons on ethical business conduct Aristotle can provide;
- why Machiavelli can be seen incorrectly; and
- why do wise leaders share their authority?

Chapter 1 - Companies nowadays are dealing with three key issues.

The Knowledge-Creating Company, a highly significant book by the authors, was published in 1995. It outlined the corporate strategies used by some of Japan's most prosperous businesses. It is still regarded as a classic today. However, a lot has altered since 1995.

That book's core concept was knowledge management. It described how businesses may benefit from both tacit knowledges—the kinds of ideas you pick up through experience—and explicit information, such as statistics and data. But knowledge today has expanded in accessibility, abundance, scope, and complexity. We should thus concentrate on finding effective ways to harness and apply that information.

Despite having a wealth of expertise, businesses continue to fail. Even once-dominant titans like Kodak, Circuit City, and General Motors have fallen. This is due to three factors.

The first is that a lot of executives rely too much on explicit information, including facts, figures, and mathematical formulae.

An automotive manufacturer might learn from this information what price points its customers want. However, it doesn't address the features and experience the client wants.

More importantly, explicit knowledge won't aid businesses in managing change. One is the absence of context. Additionally, it may cause CEOs to believe that there are universally applicable answers. Companies must instead comprehend social phenomena, which is challenging to achieve by focusing just on numbers.

Secondly, businesses need to consider the future they wish to build.

Companies must understand that they are social entities if they are to be successful and sustainable. Businesses influence society, and this needs to be taken into account while developing the purpose.

Consider Soichiro Honda, the company's founder. He bragged that the goal of the low-emission engine project was to outperform the Big Three of Ford, GM, and Chevy. He then learned that the goal of his engineers was to create engines that would improve the planet for their offspring. Honda recognized the accuracy of his engineers. He made his retirement announcement after feeling so embarrassed.

This brings us to our final justification: the requirement for smart leaders.

Leaders with wisdom are those who can put the present situation into context and respond appropriately without second-guessing themselves. Above all, competent leaders can run a firm that is ethically sound and harmonious with society while simultaneously providing better value to their clients.

Chapter 2 - Historical philosophers can help us understand what knowledge practice implies.

We should put more emphasis on applying information than simply acquiring useful knowledge. Once you possess information, what should you do with it?

Let's go a bit philosophical to find the solution to this query.

If you don't use your knowledge, what good is it to you? And what type of information helps people make wise decisions? Great thinkers have always wondered about these issues. In truth, the concept of *phronesis*, which the authors see as the foundation of knowledge practice, was initially created by the ancient Greek philosopher Aristotle.

Phronesis is typically understood as wisdom that is useful or as the type of wisdom that forms the foundation for user conduct. To make wise ethical judgments, *phronesis* necessitates a thorough comprehension of the current circumstance or present context, as Aristotle outlined in his book *Nicomachean Ethics*. These choices ought to benefit society as a whole.

Because of this, *phronesis* provides the ideal foundation for developing sensible leadership. Action, context, goodness, and purpose—the same characteristics we discussed in the first blink—are all aspects of *phronesis*.

The concept of *phronesis* has not gained much traction throughout time, even though many of Aristotle's ethical theories have. But if we pay close attention, we can follow it through history and observe how it persisted in succeeding philosophies, particularly in the pragmatism and phenomenology traditions.

Early in the 20th century, phenomenology gained popularity in Europe because of German philosopher Martin Heidegger. He thought that the decisions we make now have a direct impact on the future. He claimed that these behaviors are guided by implicit information or personal experiences. Therefore, we must live in the now and gather contextual, personal information from the here and now to maximize our future.

Pragmatists also stressed the link between tacit knowledge and action, including prominent American philosopher John Dewey.

A lot of contemporary philosophers hold that being ingrained in your environment is the only way to acquire the type of knowledge that results in intelligent conduct. Being present is what smart leaders mean by this. It entails making an effort to view the world from your consumers' perspective. You may learn about society's current state and its ideal state through this.

Chapter 3 - To maintain sustainability, sensible businesses must consider what is best for the world.

Another significant historical figure ought to be included is the Austrian economist Karl Polanyi. He stressed the significance of tacit knowledge in guiding human behaviors, fusing psychology and economics. He emphasized the effect our activities have on the environment.

Polanyi acknowledged the social structures that businesses are. Their activities have an impact on society, just as societal changes will have an impact on businesses.

Leaders with a capitalist mindset frequently concentrate on their shareholders these days. Profitability and adding value for shareholders are crucial, of course. But doing what is best for humanity must be done in tandem with this.

It is simple to fall into short-term thinking when shareholders are the main emphasis. You begin to make choices that have the potential to increase shareholder value fast. However, these acts might be destructive in the long run if they are not focused on improving society as a whole.

Fast Retailing is one of today's savvy corporations. Tadashi Yanai, the company's founder, and CEO is in charge and controls the apparel company UNIQLO. Yanai is a savvy leader who understands that businesses that solely focus on making money will fail. Businesses that live in harmony with society and prioritize the common good will endure.

Fast Retailing engages in several sustainable business initiatives, such as the All-Product Recycling Initiative. A project dubbed the 10 Million Ways to HELP Project is a component of this endeavor. Since its launch in 2015, it has donated 10 million items of used clothes to families of displaced refugees. Yanai aspires to accomplish much more in the future, though, given that there are 60 million refugees worldwide.

Then again, society, not stockholders, ultimately determine a company's future. A company's ability to succeed is very likely to depend on how much it contributes to society. However, society is more inclined to accept a corporation if it offers a clear advantage.

Chapter 4 - Anecdotal observation and close attention to detail are necessary for understanding the core.

Knowing how to understand the essence is a necessary component of becoming a smart leader and applying knowledge practice. What is taking place right now? What are the long-term effects of either plan A or plan B?

Wise leaders must be able to promptly evaluate, explain, and take appropriate action in response to these sorts of queries. Particularly now, when market changes may occur quickly and solutions must be developed as soon as feasible.

What do you think about toast? A piece or two of toasted bread is a common daily routine for many individuals. However, you probably don't give the ideal slice of toast any attention.

But Gen Terao, who founded the Balmuda product design firm, was intimately familiar with the potency of a straightforward loaf of bread. And he used these unique experiences to create a brand-new toaster. It gained international notoriety.

When Terao was a teenager on his first trip alone, took place to Spain. He snuck into a bakery one day when he was very worn out and lonely, and he had a slice of bread. He started crying because it was so amazing.

He launched a business making gadgets years later. It was having trouble surviving in the wake of the 2008 financial crisis. He invited his staff around for a BBQ one day when someone handed him a piece of bread that had been toasted on the grill.

All five of Terao's senses instantly sprang to life and he found himself back in Spain. He got all 50 of his workers to commit to building the best toaster ever that day.

Making the best toast, not the finest toaster, was the project's catchphrase. Terao wished for others to understand the entire sensory experience that a piece of bread can provide. Anything less wouldn't be acceptable to him.

Firstly, it was difficult to replicate the grilled bread. Then, though, someone noted that it had poured during the celebration. To add water, a small compartment was built. The next step included calculating the temperature and moisture variables and compensating for various voltages.

Balmuda The Toaster was finally released in 2015 after months of testing, retesting, and countless pieces of bread. Terao was meticulous, and it paid off. Although the toaster cost

more than \$200, he wanted others to enjoy the perfect toast, and they were prepared to pay more for that privilege.

Chapter 5 - The ability to interact with others is essential for creative leaders.

Ba played a crucial role in the Balmuda toaster project's success. A basic translation of the Japanese term ba is "space" or "location." It describes a place where people gather and share thoughts and information.

This is significant because ideas must be developed for knowledge practice to function within a corporation. The organization must spread knowledge across it, affecting each employee. By bringing people together via the use of ba, this occurs.

At the employee BBQ, the Balmuda toaster's inspiration first took hold. This is a superb illustration of a ba. There are drinks and food, and people are mingling and interacting. People may unwind and even discuss thoughts that they wouldn't normally do in the office.

However, formal contexts for interaction are also required. Executives must communicate effectively with one another, comprehend one another's values, and be alert to when those values may need to alter as a result of changing circumstances.

A virtual ba can also be used for this function occasionally. After the Fukushima Daiichi nuclear power plant in Japan experienced a meltdown in 2013, it became evident right away that someone had to take measurements of the radiation levels in the vicinity.

A handful of individuals formed the volunteer Safecast organization in a matter of days. Ray Ozzie, a former Microsoft software designer, was one of the participants. They collaborated online, developed a system that was open source, and released the radiation data.

Their efforts required adaptability to cope with a complicated issue that was always evolving if they were to succeed. It also requires depending on the internet to keep people linked, publish data, and be accessible to contracting specialists.

Your company's ability to implement ba will probably depend on several straightforward procedures. You may, for instance, continue to have an open-door policy to ensure that individuals don't feel cut off from important information. Additionally, it's critical to uphold harsh honesty and to create a unified goal that the entire organization must adhere to.

A BA can be face-to-face or virtually, formal or informal, big like a convention or small like a private meeting. The flow of knowledge is what matters.

Chapter 6 - Wise leaders convey their mission using tales and analogies.

If you can't effectively convey your mission, then having a strong sense of purpose won't help you very much. The same is true for meetings and group activities; nevertheless, your business can only succeed if everyone is on the same page. A wise leader must convey the essence for that to occur.

Fortunately, there are several tried-and-true strategies that leaders may use to convince everyone of their vision and get on board with it.

For many years, rhetoric has been a potent weapon for motivating others. The art of eloquence may be useful to every leader. Knowing yourself and the message you want to convey is important as opposed to understanding what your audience wants to hear.

People are story lovers first and foremost. They respond particularly effectively to narratives that touch on logic, emotions, and ethics.

Additionally, a tale does not require a long message. Take the adventurer Ernest Shackleton, for example. On a perilous journey to the South Pole, he needed to gather crew members. Only two phrases made up his whole statement. It offered recruits unending peril, scant compensation, and no assurance of safety, but if they succeeded, honor and recognition would be theirs.

There were a lot of answers for Shackleton. That's because by being straightforward and upfront about what to anticipate, he played to people's sense of rationality. By guaranteeing them honor and credit if they succeeded in the mission, he also appealed to people's emotions and morals.

Another effective rhetorical device is a metaphor. Michimasa Fujino, the CEO of the Honda Aircraft Company, is regarded as one of Japan's most intelligent and eminent executives. The goal of Honda Motors has traditionally been to build airplanes. The road from start to profitability has been a lengthy one. It took the business 30 years to generate a profit after beginning as a research and development initiative in 1986.

Fujino utilized a sports metaphor to inspire his troops. He related a tale about his love of marathon running. He stated that he keeps an eye on the telephone poles that line the side of the road as he is jogging. Just keep racing to the next pole, then the next pole, and so on, he tells himself. These little distances appear manageable. Fujino eventually finds himself standing at the finish line.

Chapter 7 - A wise leader will occasionally need to mobilize and inspire the team through politics.

When you hear the phrase "Machiavellian," what comes to mind? You could picture malevolent, cunning plotters. In reality, if you honestly examine Machiavelli's most well-known work, *The Prince*, you could find that it isn't true.

Richard Samuels, a scholar, notes that the wise prince isn't always a bad guy. He even has nothing against the greater good. Additionally, he's open to changing and conforming to whatever the occasion may demand. He does indeed think that the goal justifies the methods. He might be correct, though, provided that you always act morally.

Machiavellian behavior and cunning may be required to control a situation. We may observe a man who didn't always express his genuine objectives if we return to the South Pole and see how Shackleton led his men to safety. Every member of Shackleton's team was closely monitored by him. He would place an additional order of hot milk for everyone if he noticed that one person was feeling particularly ill. In this manner, the sick individual may recover and the team's morale won't be affected by their illness.

A particularly well-known example of an unconventional motivator was Steve Jobs. Walter Isaacson, Jobs' biographer, described Jobs' mental state as a "reality distortion field." He was capable of dismissing other people's perceptions of reality to the point that he could persuade others of the seemingly impossible.

The time he was hunting for a particular kind of glass for the iPhone is a good illustration of this. He came into contact with Wendell Weeks, the CEO of Corning, as a result of his quest. Weeks recalled that in the 1960s they had created a product called Gorilla Glass, but it never saw the light of day since there was no market for it.

Jobs had faith in his instincts. He knew this was the answer as soon as he learned about the glass. He thus gave Corning six months to produce as much Gorilla Glass as possible. Weeks regarded this as ridiculous.

They weren't currently manufacturing this. It was absurd to think that it would take six months to adapt a whole facility to produce this item. Jobs was unfazed, though. "Frame it in your head. You're capable of doing it," he said. And, indeed, they did.

Chapter 8 - Smart businesses use distributed leadership.

Practical knowledge cannot just be the domain of CEOs and senior executives for a firm to succeed. Wise leaders must impart their expertise, as well as their interests and sources of inspiration. Smart businesses promote leadership dispersion, mentorship, and apprenticeship.

Sharing knowledge is one of the fundamental tenets of practical wisdom. Intelligent leaders must resist the notion that they should save sharing this knowledge with other executives or managers. Everyone should be aware of what has to be done in sensible organizations. At every level, practical wisdom must be developed.

Remember Soichiro Honda from the first chapter as an example? His engineers informed him that their goal in developing low-emission engines was to provide their children with a better future. When Honda heard it, he realized they were prepared to lead the business. They had certainly learned from him well since they had exceeded him today. Honda could retire with confidence knowing his business was in capable hands.

The type of future that sage leaders desire is this one. They strive for sustainability by integrating themselves into society. They also understand that their successors will be knowledgeable leaders if they practice dispersed leadership.

Another automaker, Toyota, is spreading leadership to secure its future. Team members are charged for maintaining quality. They have a "ring of power" as opposed to a chain of command. Titles and positions have no bearing. Everyone has the right to disagree with their superior or to disregard their counsel and come up with a unique solution.

The CEO of Toyota, Akio Toyoda, outlined why having many leaders is crucial to the company's capacity to adapt to a changing environment. The business would not be able to take into account the numerous aspects that go into making wise selections if there was only one person making decisions.

Alternatively, Toshifumo Suzuki, another smart leader, says that a corporation needs more than just one set of eyes and one intellect. When thousands of people are allowed to make their judgment calls, he argues that they will have a lot more eyes and minds.

Leadership is distributed and tacit knowledge is shared by wise leaders. This aids them in creating sensible businesses that can prosper even in an uncertain future.

The Wise Company: How Companies Create Continuous Innovation Ikujiro Nonaka, Hirotaka Takeuchi Book Review

Smart businesses should place greater emphasis on tacit knowledge rather than depending on explicit information to navigate the chaotic and constantly evolving marketplace of today. By knowing their personal experiences, as well as putting themselves in their clients' shoes and comprehending how their business interacts with society, leaders may accomplish this. Businesses should prioritize societal improvement over financial success in order to maintain sustainability. Finally, dispersed leadership must be practiced in order to develop future leaders and effectively navigate a market that is always evolving.

Describe your values, mission, and vision again.

These three inquiries should be the first ones any business asks. First, ask yourself, "Why does your organization exist?" to better grasp your goal or purpose. Asking what kind of future you and your team aim to build will help you better comprehend your vision or desire. Asking what values and beliefs you and your team are passionate about will help you better

understand your values and beliefs. By providing answers to these questions, you may make better judgments in the future and stay on the correct track even when things are chaotic.

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