Who are the "go to" people in your company—the individuals that others seek out when they need sound advice or knowledge that simply doesn’t exist in the corporate database or customer files? How do these employees come up with such swift, seemingly intuitive solutions to problems that stump everyone else—and why are they so often right?

How many of your senior executives are slated to retire in the next ten years? Do you know which types of knowledge are vital to preserve—and which individuals have that knowledge? Are younger novices being groomed to take their positions?

What if your best sales person resigned? Would others in your organization know how to "read" those customers’ needs, pitch the right products at the right time, or make on-the-spot decisions when problems arose in the field?

Throughout your organization are people whose intuition, judgment, and knowledge, both explicit and tacit, are stored in their heads. Their knowledge is essential—and it goes beyond merely intelligence or talent. They have “deep smarts”—a potent form of experience-based wisdom that drives both organizational competitiveness and personal success. And, say Dorothy Leonard and Walter Swap, it is no exaggeration to say that they form the basis of your organization’s vitality.

In Deep Smarts: How to Cultivate and Transfer Enduring Business Wisdom (HBS Press; January 11, 2005; $29.95/hardcover). Leonard and Swap reveal the results of a unique multiyear research project observing and interviewing protégés and coaches in start-ups and established firms. The authors reveal how deep smarts are built and cultivated, why they provide such formidable competitive advantage, and most importantly, how they can and must be transferred to others if organizations are to remain competitive.
Using vivid examples from their study, Leonard and Swap explore how managers can help their organizations to:

- Determine where “knowledge gaps” exist and which individuals or groups have the deep smarts to fill them.
- Understand the distinctions between different types of knowledge and supplement traditional training programs with experience-based learning approaches.
- Develop effective techniques for transferring deep smarts from those who have them to those who need them.
- Tap the smarts of individuals at all levels of expertise, from apprentice to seasoned expert.
- Match knowledge coaches with the right protégés to enable the deepest and most efficient learning.
- Assess development, retention, and succession strategies to protect deep smarts.
- Create an environment that enables the cultivation and leveraging of deep smarts across the entire company.

On an individual level, the book also shows how managers can help themselves to:

- Consciously design their own experience repertoires to build personal deep smarts.
- Use those deep smarts to lead, manage, or make decisions effectively and creatively.
- Continuously cultivate deep smarts to take their careers to the next level.

A timely and important addition to our understanding of the links between knowledge, competitive advantage, and innovation, *Deep Smarts* will help organizations of all types and in every industry ensure that their competitive advantage doesn’t walk out the door.
What are deep smarts and how do they differ from IQ?

Deep smarts are a potent form of expertise based on first-hand life experiences. This is not the same as native intelligence or technical expertise—although people with deep smarts often have both in abundance. Individuals with deep smarts draw from a well of tacit knowledge built up over years of experience and shaped by powerful beliefs and social forces. These are the people with the enviable mental Rolodexes who always know whom to call when something breaks down or needs expediting. They are the people who can quickly size up complex situations and make rapid decisions that consistently lead to good outcomes. They know the stories that the customer files can’t tell you. Such individuals literally hold your organization’s competitive advantage in their heads.

Your insights on deep smarts came out of an intriguing research study. Can you describe it?

We had front-row seats at the grand experiment taking place during the frenzy and then bursting of the Internet bubble. Over a two-year period between 2000 and 2002, we studied relatively inexperienced managers trying to innovate and operate, to learn while doing at a frenetic pace, and to observe relative experts both in start-ups and in large established organizations attempting to transfer their own practice-based smarts. The fortuitous timing of our study provided an in-depth example of how and what people learn from direct experience. It also provided an unusual opportunity to analyze, close-up and personal, the nature of true deep smarts versus its counterparts and the difficulties of building and transferring this practice-based wisdom.

What is the Ten Year Rule and what implications does this have for the cultivation and transfer of deep smarts in today’s organizations?

Most evidence suggests that it takes at least ten years of concentrated study and practice to become an expert. This Ten Year Rule places some inescapable limitations on the development of expertise in management or any other knowledge-based, complex domain—yet these limitations are frequently ignored or minimized. Deep smarts are grown organically, through experience, and like any organic process, this growth takes time.

Yet companies need to fill their knowledge gaps and grow new leaders now. How can they remedy this dilemma?

Sometimes knowledge gaps can be filled by importing expertise to solve a particular problem, or by hiring people who embody the deep smarts an organization lacks. But the best way to transfer deep smarts internally is through what we call guided experience. This is accomplished by “knowledge coaches” who build deep smarts in their protégés by guiding them through various kinds of experience ranging from guided observation to guided experimentation, supplying feedback along the way. This approach enables protégés to more quickly and efficiently grow capabilities similar to those the coaches have—including the tacit dimensions of their knowledge.

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Why is now such a critical time to build and protect deep smarts?

Many organizations face the imminent retirement of masses of experienced Boomer managers and technical employees who will take their deep smarts with them when they leave. Even if retirement is not an issue, if employees are relatively young their leadership skills need to be developed and the organization needs “bench depth” for potential successors to current leaders. As a result, we believe that understanding deep smarts is no more optional for today’s sophisticated manager than is the ability to read a balance sheet. The future of their organizations depends on it.

ABOUT THE AUTHORS:
Dorothy Leonard is the William J. Abernathy Professor of Business Administration Emerita at Harvard Business School. Walter Swap is Professor of Psychology Emeritus at Tufts University, where he was also Dean of the Colleges.