

Welcome to the premiere issue of Kesting Ventures' client newsletter

We are pleased to bring you the first edition of KVC's newsletter "Breakthroughs in Knowledge Management." We will publish this newsletter monthly throughout the year, bringing you insights into how to apply the power of **Knowledge Blocks** and the **Market Value System** to improve business growth and profitability.

Kesting Ventures Corp. was founded in 1984 with the mission to create tools that increased the worth of experience. The initial idea was to develop approaches to create study aids that enabled people, who were working in the frontiers of science and markets, to move to a higher plateau of understanding.

It was also envisioned that people, who were experienced in certain fields but were new to another science or market, could use our new study aids to rapidly move to the frontier of a new field. This could dramatically reduce the cost of training and facilitate the collaboration of different disciplines.

Based on these concepts we signed our first contracts. The study aids we developed took the form of books on various scientific and market topics. To accomplish the task we wrote numerous glossaries and researched various ways to determine the importance of each chapter.

The study aids for these initial projects achieved more than we envisioned. The glos-



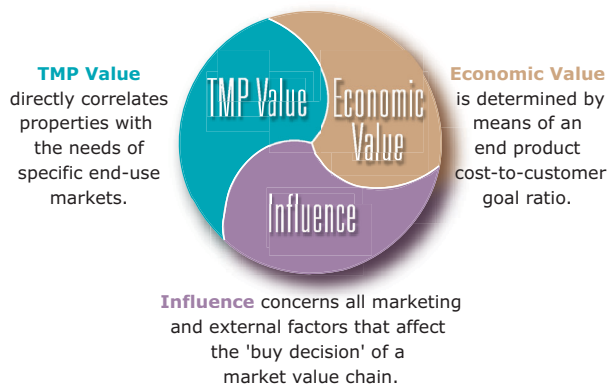
KVC's extensive website provides an in-depth look at the many ways to apply the power of Knowledge Blocks to your business - www.kestingventures.com

saries and importance models we created evolved into a new science that we called "**Experiential Modeling.**" And the information, briefing documents, models and use instructions were recognized by our clients as new Knowledge Blocks.

Next, we linked three primary knowledge

blocks together to describe past, present and future market value. The three knowledge blocks described performance (TMP Value), economics (Economic Value) and influence (Marketing Influence). This work culminated in the development of Kesting Ventures' Market Value System.

The Three Primary Knowledge Blocks of KVC's Market Value System



Knowledge Blocks vs. Information

Knowledge management, as most companies practice it today, concerns only the exchange of information and bringing people together to collaborate. The distinction between *information*, *know-how* and *knowledge* is rarely made and few people talk about Knowledge Blocks.

Most companies say that people are their most important asset because people have knowledge and knowledge is required to grow businesses profitably.

Information consists of facts, figures and data collected through scientific, market and business research. But information is only valuable when it is sorted and structured.



Know-how consists of professional experience in a field of interest related to target technologies and/or markets. Know-how is by far the largest component of a company's intellectual property. Know-how is not the same thing as knowledge. Knowledge is the understanding of people, which is used to accomplish objectives. For many complex puzzles knowledge does not exist. So people with know-how must be assigned the task of creating knowledge before the puzzle can be solved.

The science of Experiential Modeling enables people to create valuable, tangible Knowledge Blocks.

A Case Snippet: How Knowledge Blocks returned declining tech products to Market Value Leadership

Years ago, a leading polymer company had commercialized a family of high performance resins. These resins found acceptance as unique packaging films for certain high performance applications. The business grew for a decade until competitors introduced less costly resins.

The company steadily lost market share and profitability declined. New products were introduced but none of them succeeded. A six sigma black belt was assigned to the business and despite everyone's efforts, the business continued to decline. Finally, the business team admitted that they didn't even know why their customers continued to buy their resins.

Desperately, the business team commissioned the creation of a TechnoMarket Performance (TMP) Value Knowledge Block. The TMP Value Knowledge Block revealed that their strategic markets really wanted 40% more performance than was currently available from any resin supplier.

Specific property gaps were identified. New products were commercialized to satisfy market needs and the business is now experiencing renewed growth. The TMP Value Knowledge Block made the difference.

breakthroughs
in knowledge management

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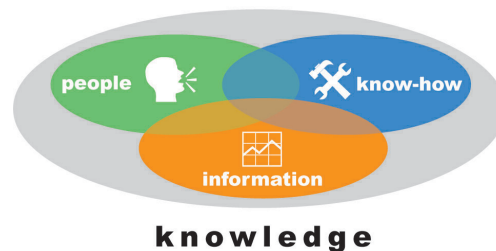


Collaboration Software – Evolution and Revolution

In the July/August 2003 issue of KM WORLD, author Eric Woods states that most companies are looking to collaboration tools as a way to improve efficiency, reduce costs and deliver a better service. Woods says that, "Companies that operate on a global basis want to make the network a shared place where people can work together and exchange ideas, independent of time."

Woods says that this new wave of innovation in collaboration technologies is being driven by three distinct developments:

1. *New forms of networked environments are being developed that can support the extended and distributed enterprise.*
2. *Peer-to-peer communication, mobile access, instant messaging and Web services are being developed to better handle collaboration.*
3. *New players are entering the collaboration*



software market with improved services for specific applications.

Woods concludes his article by saying, "It is not enough to simply bemoan the cultural barriers to knowledge sharing, or the failings of technology; we have to start creatively thinking of how to pose questions in a manner that encourages collaborative solutions."

Ovum estimates that the collaboration software market was worth about \$2 billion in 2002 and by 2006 the market will be worth more than \$2.5 billion. This means that in the five year period from 2002 to 2006, industry will spend about \$10 billion for collaboration software. Woods forecasts that by

2006, more than \$900 million/year will be spent for advanced collaboration tools.

The entire cost of using the software must be, at the very least, more than ten (10) times the cost of

the software for a total cost of more than \$100 billion. Certainly, all of this collaboration should be aimed at creating tangible Knowledge Blocks.

KVC suggests that the science of experiential modeling, which enables people to create new, valuable, tangible Knowledge Blocks, is the primary tool that companies need to accelerate innovation, improve efficiency and reduce costs.

About Kesting Ventures

The mission of Kesting Ventures Corp. is to develop, improve, record and facilitate the problem-solving methodology required by R&D, marketing and commercial development specialists.

More than ever, scientists and marketers face an information explosion, complicating the task of sorting out knowledge required to discover viable new business concepts. Most corporations have extensive background and know-how, which should provide the basis for continuing growth. The problem is that this know-how is buried within the minds of their experienced staff and hidden in reports.

Industry worldwide seeks to develop new products and technologies. However, the cost of research and technology development has spiralled to a point that has caused many corporations to become con-

cerned about their continuing ability to afford this essential investment in the future.

The answer to this dilemma rests in the powerful problem-solving methodology of Experiential Modeling that is embodied in KVC's EXTEND® and START® Programs. These programs enable your organization to form specific operational plans for entire businesses, envision and then invent new products and technologies — even renew the growth of existing businesses.

The process by which new products and businesses are discovered can be compared to the solution of a complex puzzle. The puzzle itself may not be clear, because the new business team may not really understand the market's future needs. Our proven programs surface the complete puzzle, then solve it.