Phonak, the world’s third largest developer and manufacturer of hearing technology, was founded in 1964 by the engineer Beda Diethelm and the executive Andy Rihs. In its first years, the company copied hearing aids from other manufacturers, while improving the product's quality. However, Phonak soon realized that hearing problems must be treated interdisciplinary. The cooperation of professionals in microelectronics, micromechanics, medicine, psychoacoustics, psychology, physics, and audiology enabled the company to set landmarks on the road to “optimal hearing solutions.” Due to the lack of suitable manufacturing equipment, Phonak also developed the appropriate production technology while it produced hearing aids. Nowadays, this development is still reflected in the company’s interdisciplinary mix of research, development, and production.

Today, Phonak is a company with more than 2,100 employees and a global marketing and R&D network. Its main markets are the USA and Europe. The company’s sales and profits have risen significantly during the past few years. In 2000, the number of employees has been increased dramatically mainly due to the acquisition of the Canadian hearing instruments manufacturer Unitron which brought 650 employees to the Phonak Group. By internal growth Phonak created an additional 121 jobs. The additional manufacturing and R&D resources in North America now allows the firm to further increase its development effort as well as the output capacity.

Apart from the traditional area of hearing technology, Phonak’s communication technology has also gained increasing market shares in security services (surveil-
lance and protection of persons), sports (communication between athletes and coaches), and media (studio technology).

17.1 Knowledge as Part of the Corporate Philosophy

It is hardly possible to speak of an explicit introduction of knowledge management at Phonak. The consciousness of the importance of knowledge and its management is part of its traditional corporate philosophy, and not due to an explicit decision to introduce and apply measures to maintain the intellectual capital of the company. A member of Phonak’s management described knowledge as “the tool to deliberately make decisions”. The acquisition of knowledge and the best possible communication and cooperation among staff members has always been a key activity. This activity is also reflected in the three following factors of corporate success:

- attracting knowledge creates know-how,
- open minds create superior products, and
- people value creates shareholder value.

The philosophy of the founders also characterizes the current organization. A maximum amount of enthusiasm for research and the motivation to create something new is supported by the best possible environment for all staff members.

17.2 Internal and External Cooperation to Create, Acquire and Share the Best Know-How

Knowledge management at Phonak is carried out consciously, but not explicitly. This conclusion, drawn by one of the top managers, reflects the approach quite well. The following guidelines apply to this idea:

- Interdisciplinary knowledge of hearing is the basis for developing the best possible hearing technology.

- If part of the necessary knowledge is not available internally, it has to be acquired externally. This guideline resulted in close cooperation with several colleges and research institutes. “If we don’t know it, perhaps someone else does.”

- Knowledge can and should be shared with experts (even if they develop competing products). Sharing knowledge is not regarded as dangerous; it is beneficial to all if an entire field advances. Only in the stage of implementation can we identify differences between suppliers.