

White Paper

Knowledge Management Perspectives

Executive Summary

Information is everywhere. It can be obtained by simple observation, through various media, and the purchase of its building blocks, data. But to develop knowledge about any subject, especially knowledge within an organization, a combination of forces and capabilities must focus and align their energies. That focus does not occur naturally, it must be managed. Hence the term, Knowledge Management. This paper outlines SSSI's practical and holistic approach to the process of Knowledge Management.

Any organization can gather data and develop information. But the information we feverishly compile and work with isn't knowledge unless we manage the patterns of communication between those that observe and note the data and those that analyze and apply the knowledge gained from that activity. While this may occur within a single individual or across a vast entity, direction of technological and human contributors to the process is essential.

Our economy has always been based on trading labor or capital of some variety for needed goods and services. Knowledge is the capital of this era, and its economic value, while difficult to quantify, is absolute. Nothing is manufactured or produced without passing through a knowledgeable worker. The more knowledge an organization has about itself, the greater the opportunity it extends itself. Conversely, when the knowledge leaves, so does the capital. One focus of knowledge management initiatives is the capture of experience and observations. Technology can assist in this effort, but the human factor is paramount in systematic knowledge retention.

Organizations maintain a distinct advantage by employing strategic approaches to Knowledge Management. A clear, consistent process supports knowledge retention and promotes application of current and future observations and experiences. Three activities comprise creation of a knowledge strategy:

- Phase 1** Strategy Development
- Phase 2** Opportunities for Advantage
- Phase 3** Design and Deploy

Once a knowledge strategy is developed and deployed, its effectiveness must be measured, and adjustments or enhancements made as necessary. An organization must keep score on itself. It is profitable for, and in some cases essential to, success.

Introduction

Organizations need to employ a holistic approach to

Explicit knowledge is defined as that available in a training guide, manual, set of standard operating practices or user guide. It can be available directly, fully, and clearly from a non-human source.

Many organizations struggle to identify tacit and explicit knowledge, and to convert all tacit knowledge to explicit knowledge. This is a frustrating exercise, the value of which is still unknown. The distinction between tacit and explicit knowledge is valuable because it provides guidance in establishing priorities and selecting best practices. The KM activities that help an organization preserve and protect explicit knowledge can be very different from the activities an organization uses to preserve and protect tacit knowledge. Many organizations have found that they can create significant improvements in efficiency by effectively leveraging explicit knowledge. These improvements can then provide more time for connection between people, to permit the exchange of tacit knowledge. Connection also nurtures the development of new tacit knowledge; information, ideas, and knowledge are exchanged, compared, analyzed, tested, and reintegrated.

What Knowledge Management Is

This era is defined by knowledge, the top rung of a three-step ladder consisting of data, information and knowledge. Data may be considered a record of a transaction. For example, when one purchases gasoline on the way to work in the morning, the number of gallons pumped is one piece of data, while the price per gallon is another. Collectively, these and other related data comprise information about this particular sale. In this example, the data represents explicit knowledge, since it can be recorded and transmitted, and made available through a non-human source (the display on the gas pump, for example).

The tacit knowledge, in this case, would be the insight and understanding that the purchaser had about a variety of things, such as the factors that led to his or her decision to purchase gas at this particular gas station - knowledge of price relative to other gas stations; location with respect to traffic levels at this particular time of day, on this particular day of the week; whether or not other items may need to be purchased, such as coffee in the snack shop of this particular gas station; etc. Knowledge is based on many insights and contexts. While data, information and knowledge are different and distinct, managing all three is critical to the success of an organization.

Knowledge is and will be the capital of the new century, superseding natural resources and accumulated wealth. Knowledge is our new resource, and it needs a new paradigm to keep it in context. Our knowledge is increasing at a rate we can barely

Knowledge Management. One that addresses Leadership, Vision and Values, Culture and Organization, Technology, Process, and Measurements and Incentives so that tacit and explicit knowledge can be fully leveraged for strategic advantage.

Tacit and Explicit Knowledge

Knowledge can encompass both data and information. It is about people, and insights and context of the mind. It's the cumulative product of a lifetime of insight, intuition, context, experience and wisdom. Knowledge, quite simply, is what is in the mind of the knower.

Tacit knowledge is held almost exclusively by knowers and consists of experiences, practices, observations, and learning outcomes. Generally, it can only be transmitted from one knower to another because it is not recorded or transmittable. It is the knowledge most difficult to obtain and keep by organizations, as knowers move up, move on, or leave the organization but it is the most valuable since the trial and error stage is passed and workable practices are retained and applied. One of the overarching challenges within the practice of knowledge management is to make tacit knowledge more shareable from one person to another. A first step in doing so is to identify who knows what. Tacit knowledge that is not effectively shared within an organization may be lost.

Training has always been a part of corporate culture, but now it can be supported with the most intricate observations, experience, and the entire body of wisdom gained over the history of the enterprise. Collaboration enhancement and direct cost savings are the biggest benefits to implementation of a knowledge management initiative. The British Petroleum (BP) oil example cited by Davenport and Prusak is a case in point.

Strategy for Defining and Distributing Knowledge

Any developmental strategy for KM activities must be tied to specific goals set for the initiative. Those goals must be clearly tied to business outcomes. Further, this linkage needs to be understood by all key stakeholders inside and outside the organization. For example, if an organization seeks to increase the productivity of a process, it could evaluate inputs and outputs, determine the efficiencies of production equipment, and assure that all employees have immediate access to policies, procedures, and instructions. All the empirical data concerning the process could be identified, and the whole system quantified. Managers would have all the information they need to improve the process. Or would they?

One element of such a strategy should include a coffee cup chat with highly experienced process workers. All the data in the world cannot supersede the observations of process fluctuations, breakdowns, and periods of high efficiency over time. The initial approach/strategy would

quantify. Our best hope is to manage it, harness it, and ultimately attempt to learn from what we know. Hence the term Knowledge Management (KM). Technology now enables and competition compels us to examine and exploit our knowledge. New knowledge has increased productivity in every era of our history, and we now look to knowledge and its management to define the worker and workplace of the future.

Business Case for KM

Economic Value of Knowledge

Our national economy has always been based on goods and services, and will remain that way for the foreseeable future. However, there is a shifting away from the traditional economic foundations of land, labor, and capital to an information dependant economy. Information has become nearly a commodity in and of itself in one of the most fundamental shifts since the Industrial Revolution. Knowledge not only details the operation of an enterprise, but also can be exploited to the benefit of employer and employee alike.

KM Strategy: Phase 1 Activities Strategy Development

During Phase 1, the relationship between knowledge and desired business outcomes is identified and understood.

KM Strategy: Phase 2 Activities Opportunities for Advantage

In Phase 2, a deeper analysis produces a prioritized list of opportunities for advantage. During Phase 2 - Opportunities for Advantage, the potential opportunities identified in Phase 1 are further tested through deeper analysis. These analyses enable the prioritization of the opportunities. The key outputs of this phase are a Business Case for Knowledge Management, and an Actionable Knowledge Management Implementation Plan.

KM Strategy: Phase 3 Activities Design and Deploy

In Phase 3, the actionable implementation plans are translated into a detailed solution design, transition plan and launch of a KM pilot. Phase 3 - Design and Deploy provides for conceptual and detailed design of the Knowledge Management Solution along with transition planning and project management. The key outputs of this phase are: Conceptual Solution Design, Detailed Solution Design, Transition Plan and the launch of Pilot Implementation.

Summary

produce considerable information. The second would collect knowledge.

Position of KM As An Essential Clearinghouse In Change Management

The rapid changes in the national economy within the last two years, as well as terrorist attacks and threats, have had a profound impact on America's workforce.

The demand for accurate and secure information is greater than ever before. The need to use precise data and information to make sound decisions in resource allocation has risen even higher. In the face of these swift changes, the knowledge worker is called upon to stay informed about the activities of the broad spectrum of participants within and outside their organizations.

Through the appropriate use of technology and the requisite organizational interventions, the knowledge worker will have the tacit and explicit knowledge necessary for success in a rapidly changing environment.

Knowledge Management (KM) disciplines an organization to systematically leverage expertise and information to improve efficiency, capability, responsiveness, innovation and compliance. The organizations that become best at this will ultimately dominate the markets they serve, because mastery of "leveraging what you know" is really about creating and managing the one true sustainable competitive advantage in the 21st century - knowledge.

No organization can remain static and survive. Internal and external forces will provide or destroy opportunity and only those organizations equipped with a technological infrastructure and strategy to exploit all facets of their knowledge will flourish.

Wealth in the new century is defined as what we know about what we do. Most real knowledge is contained in the minds of the knowers. Development of a process to facilitate the exchange of ideas will create new wealth and opportunity.

A process is only as applicable as it is useful. Goal-centered strategy can be proven as it defines benchmarks for success. Aligning goals for a Knowledge Management initiative with goals of the organization itself assures that the initiative will have a holistic, practical approach to meeting real business needs.