

Business Critical Knowledge and Knowledge Management

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Brief flashback to origins of KM

- Want to take a moment to acknowledge the original role of the Department of Defense in the growth of the discipline of knowledge management
- While I was at the World Bank supporting James Wolfensohn's Knowledge Bank, we were keenly aware of the rapidly development of capabilities and competencies in DoD – of particular note is the early work of Dr. Robert Nielsen and the Drs. Bennett
- Dr. Nielsen's work on competencies and capabilities serves us well today – I want to acknowledge that it has been a core business driver in my development of curricula and courses in knowledge management
- I've been involved in the development of knowledge organizations since the 1980s – have seen successes that sustained and were short-lived and failures that had no or catastrophic results

Begin with a basic assumption

- Knowledge management is an area of practice that has a long and well grounded history dating back to the 1950's
- The practice is grounded in knowledge sciences – the academic side of the field – a rich and multifaceted domain that draws from and contributes to many related disciplines
- Basic assumption we've learned since the 1990s is that knowledge sciences methods are like basic chemistry – you learn them in order to apply them to real world problems
- This means we're always selecting and interpreting KM methods in a context

Presentation structure

- A little background
- Preparing to do sustainable knowledge management
 - Identifying core business capabilities
 - Prioritizing core business capabilities
 - Defining business critical knowledge assets
- Gaining knowledge of the field of knowledge sciences
 - Learn the full spectrum of the field and its practices
 - Develop strategies for managing critical knowledge assets
 - Defining indicators and metrics to measure progress

A LITTLE BACKGROUND

Common points of failure

- Knowledge Management Strategies as Checklists
- Tactics-Based Knowledge Management Strategies
- Business Process-Based Knowledge Management Strategies
- Knowledge Management Strategies as Principles and Platitudes
- Knowledge Management Strategies Characterized as core business functions
- Method-Specific knowledge management strategies

Common factors for success

- Focus on and invest in critical business knowledge sustain their efforts and grow an actual knowledge organization
- Target core and operational capabilities of the organization – focus on enriching the knowledge value of the critical business areas
- Identify those capabilities with highest risk and highest value
- Identify the assets and resources that are essential for each of those core capabilities
- Develop strategies that are designed to support those core capabilities – in close collaboration with the business owners
- Give due consideration to those competencies that are essential to those core capabilities

DEFINING YOUR CORE BUSINESS CAPABILITIES

What is a business capability?

- A business capability is what an organization does to deliver value to its stakeholders – the focus is always on the stakeholder
- Business capabilities describe the stable elements of the business
- Capabilities are not processes – they focus on “what” not on “how”
- Capabilities will cross organizational units and structures – they are intended to pull people together around common points of value
- A little like the resource based value of a firm but focused entirely on stakeholders

Types of business capabilities

- Different kinds of capabilities have different levels of value to the organization
- Strategic capabilities are important because they speak to the future direction of the organization
- Operational or core capabilities are those which speak directly to the value for which the business exists – these capabilities are valuable, rare, costly to imitate and non-substitutable
- Enabling capabilities are those which support the day to day functioning of the organization – they add value indirectly
- Let's consider two examples, and then walk through an exercise to define your capabilities

Business on a Page (BOAP) for a University

Strategic

Learning

Innovation

Governance

Learning

Research &
Development

Advising

Advocacy

Convening

Operational

Provide top undergrad education
Provide superior grad education
Maintain accreditation in key academic areas
Promote distance learning
Provide experiential learning

Pursue funded research opportunities
Support applied research
Advance theoretical research
Pursue technology transfer
Pursue innovation

Pursue opportunities for industry advising
Support independent consulting
Partner with private sector for executive learning
Encourage private sector collaboration

Collaborate on formulation of policy
Provide regulatory advice
Participate in development of industry standards
Sponsor events and conferences

Encourage invisible colleges
Support social dialog and conversations
Offer free and open webinars
Support guest lectures, seminars and symposia

Enabling

Build enhance university brand
Fulfill university's financial & legal obligations
Maintain & update disaster recovery solutions tier-one services
Maintain a repository of correspondence for key administrators
Promote well-being in the campus community via quality health services environment
Provide info & technology to enable business operations & manage records

Facilitate internal knowledge access
Foster safe & effective parking facilities-transit services
Manage university's institutional risk
Manage facilities, property & other assets
Provide healthy, safe, security & productive campus
Assist students finding options to finance education
Manage university staff & employee pension fund

Identifying your business capabilities

- Let's talk a little about the capability modeling process
- We want to anchor our capabilities in a Business on a Page (BOAP) – a single page picture of all an organization's capabilities.
- Draft an initial structure working with internal documentation – then review the structure with your internal stakeholders
- As you work through your capability modeling, you may find you need to make adjustments to your BOAP.
- Keep in mind that capability modeling is more art and synthesis than it is science.

Interactive exercise – modeling capabilities

- Name three capabilities that describe your organization's strategic and performance goals (strategic capabilities)
- Name the top 5 things your organization does to deliver value to its stakeholders (core or operational capabilities) – then break each of these into subcapabilities
- Define everything else your organization does to deliver value in a supporting way (enabling capabilities)
- Express each capability as an action statement = verb-noun
- Make sure each capability is expressed with no more than 7 words, is not compound, and focuses on “what” rather than “how”

PRIORITIZING CORE BUSINESS CAPABILITIES

Protect and invest in most critical capabilities

- Make sure that your knowledge management strategy aligns with business value from Day 1
- Working from your business on a page and your capability model, create a risk and value profile for each capability
- Ideally, if you have the option to work with decision makers across the organization, use a consensus or Delphi method to generate this information
- Identify those capabilities that have the greatest value and the greatest risk – target them for developing a knowledge management strategy
- Positioning your program in this way ensures that you will be perceived as relevant and an essential business function

What is a heat map?

- A heat map is both a rating and a visualization tool you can use to illustrate the ratings of your business owners/decision makers
- There are many types of heat maps – our reference today is to a heat map that identifies and visually highlights capabilities with high, medium and low value and risks
- Those with highest values and highest risks are the ones you want to target in your KM strategy because they represent the greatest need and the greatest impact
- Those with the lowest values are ones you can address after you've addressed the greatest needs
- If you want your KM strategy to be perceived as essential to your organization's success – you need to be relevant!

LEGEND:

- 0-25, None

- 25-50, Low

- 50 - 75, Medium

- 75-100, High

- Define Bank's Strategic Direction

Strategy

- Evaluate Bank's Effectiveness

Advocacy**Convening****Advising****Financing****Implementing**

- Project Bank's image
- Enable conversation on Bank's activities

- Promote innovative financing / development solutions

- Advocate for an integrated position on global / regional public goods

- Support countries to own and lead their development agendas

- Promote sector and theme-based development programs

- Promote regional integration

- Mobilize donor resources

- Facilitate dialog on global issues and development experiences

- Build strong partnerships and enhance cooperation

- Facilitate aid coordination & donor funding strategies
- Facilitate harmonized economic/development policy development
- Facilitate collaboration with affiliates

- Provide premier source for development data
- Provide economic & development leadership
- Facilitate external knowledge access / exchange

- Develop integrated sector & theme-based development programs

- Develop TA advisory services

- Build sector & theme-based capacity externally

- Develop, implement, & monitor country programs
- Create, capture, deliver, & evaluate technical advice
- Provide financial services to central banks / countries
- Develop client capacity to strengthen country systems

- Participate in capital markets
- Manage Bank's financial assets

- Develop & apply responsive financial products & services

- Allocate donor resources

- Manage project financing

- Provide custodianship of financial intermediary funds
- Provide custodial treasury services to external parties

- Review & approve Bank-financed projects

- Demonstrate accountability for quality and lasting results

- Identify & help clients prepare & implement investment & policy-based projects
- Respond to emergency & crisis situations

Enabling

- Provide information and technology to enable business operations
- Facilitate internal knowledge access and exchange
- Manage facilities, property, and other bank assets

- Manage institutional risk
- Fulfill Bank's legal obligations
- Fulfill Bank's financial obligations
- Manage staff pension fund
- Allocate and monitor funds to support Bank strategy

- Attract and retain a talented workforce
- Maintain skilled and equipped workforce
- Provide a healthy, safe, secure, productive staff environment
- Promote work life balance for staff and families

What do we mean by value?

- By value we mean how this capability contributes to the organization's business performance
- We can measure performance in many ways – profits, market share, deterrence of war, guarding the security of the country,
- You should look to business owners/managers to learn about value
- We use value to determine how to invest in a capability and how much to invest in the capability
- One of the major mistakes of KM programs in the past is that they make high investments in capabilities that have little or no value to an organization – and they take a tactical approach rather than investing in critical business assets

Value is not cost

- Consider all of the resources that are required to support a business capability
- Consider what happens to the capability if these assets are not available, available only in part, or impaired in some way
- How does this impact the capability's ability to provide value to stakeholders?

What do we mean by risk?

- For your most important core capabilities, you need to identify risks.
- By risk we mean that if this capability were somehow lost, compromised or diminished – the organization's business would be lost – business owners/managers can help you define risks
- What are the most important elements of risk from a knowledge management perspective?
- You need to consider how the capability might be at risk and how this risk might be mitigated, transferred, eliminated or accepted by a knowledge management strategy

Interactive exercise – prioritizing capabilities

- Rate the value of each of the capabilities you've identified as core or operational
- You can use a simple Likert scale – ranking is good enough for prioritizing the capabilities
- Rate the risks of each of the core or operational capabilities
- Again, use a simple Likert scale here to hear from key individuals about the level of risks
- Synthesize the results into a “heat map” and identify those with highest ranking for both value and risks – this is the target for your knowledge management strategy

IDENTIFYING BUSINESS CRITICAL KNOWLEDGE ASSETS

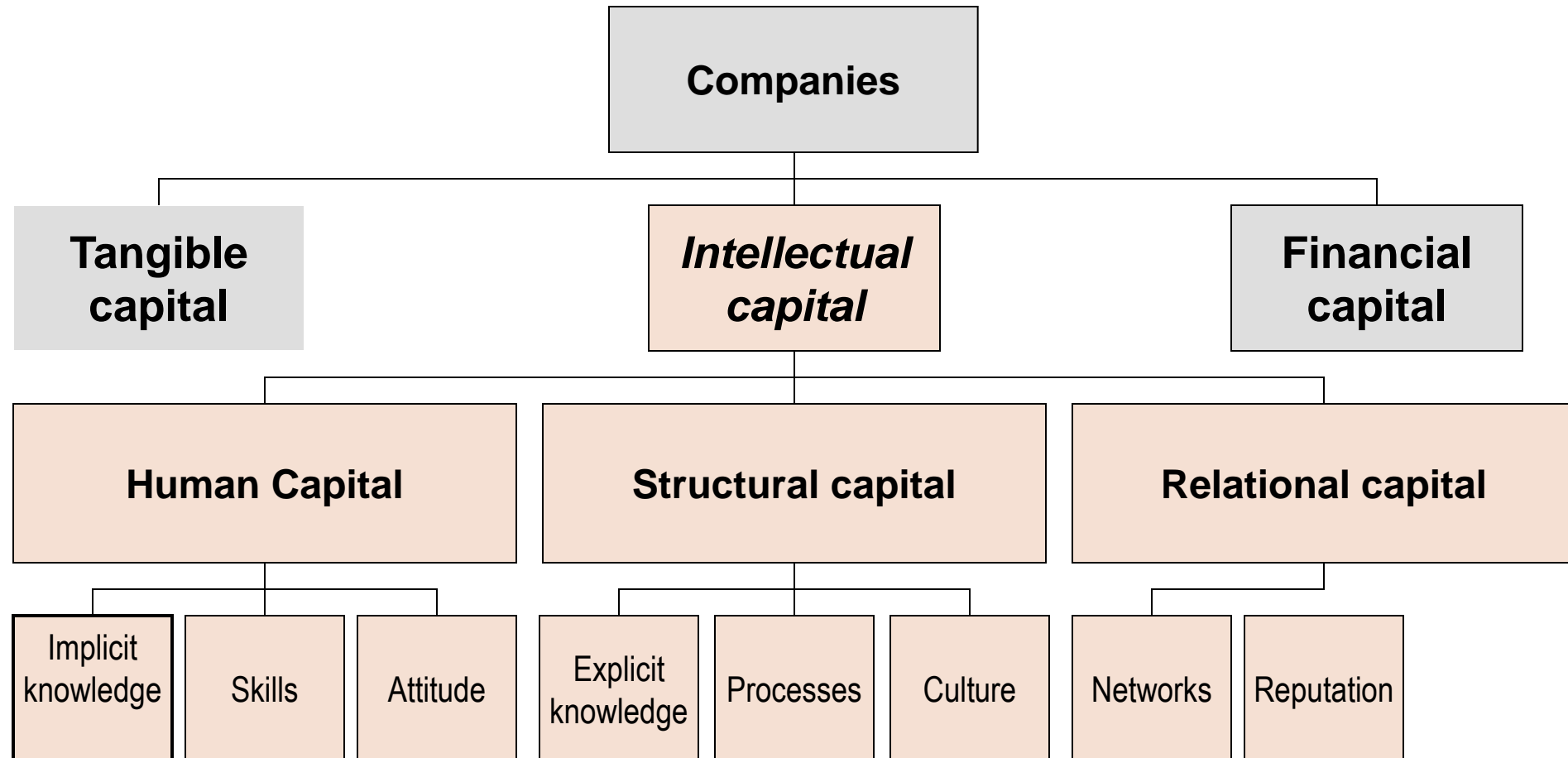
Words of advice....

- When you talk to Cxx folks, administrators or managers about knowledge management, don't talk about "knowledge"
- It may seem counterintuitive not to reference knowledge, but this is too vague a term to resonate – what does resonate is talk of intellectual capital
- Intellectual capital has a comparable value in the organization to financial and physical capital – if you talk about these kinds of assets, you'll get their attention

Capital assets – intellectual capital

- Daniel Andriessen's model of intellectual capital assets is the most comprehensive I've found though all models benefit from improvement
- It is also the most understandable to administrators because it focuses on different types of capital
- In Andreissen's model – the focus is split between assets that are associated with individuals, with groups, and with the organization
- Almost all of these (except explicit knowledge) are what we would call intangible assets – it means we cannot physically see or touch them.
- This makes inventorying and auditing them a bit challenging

Business critical intellectual capital assets

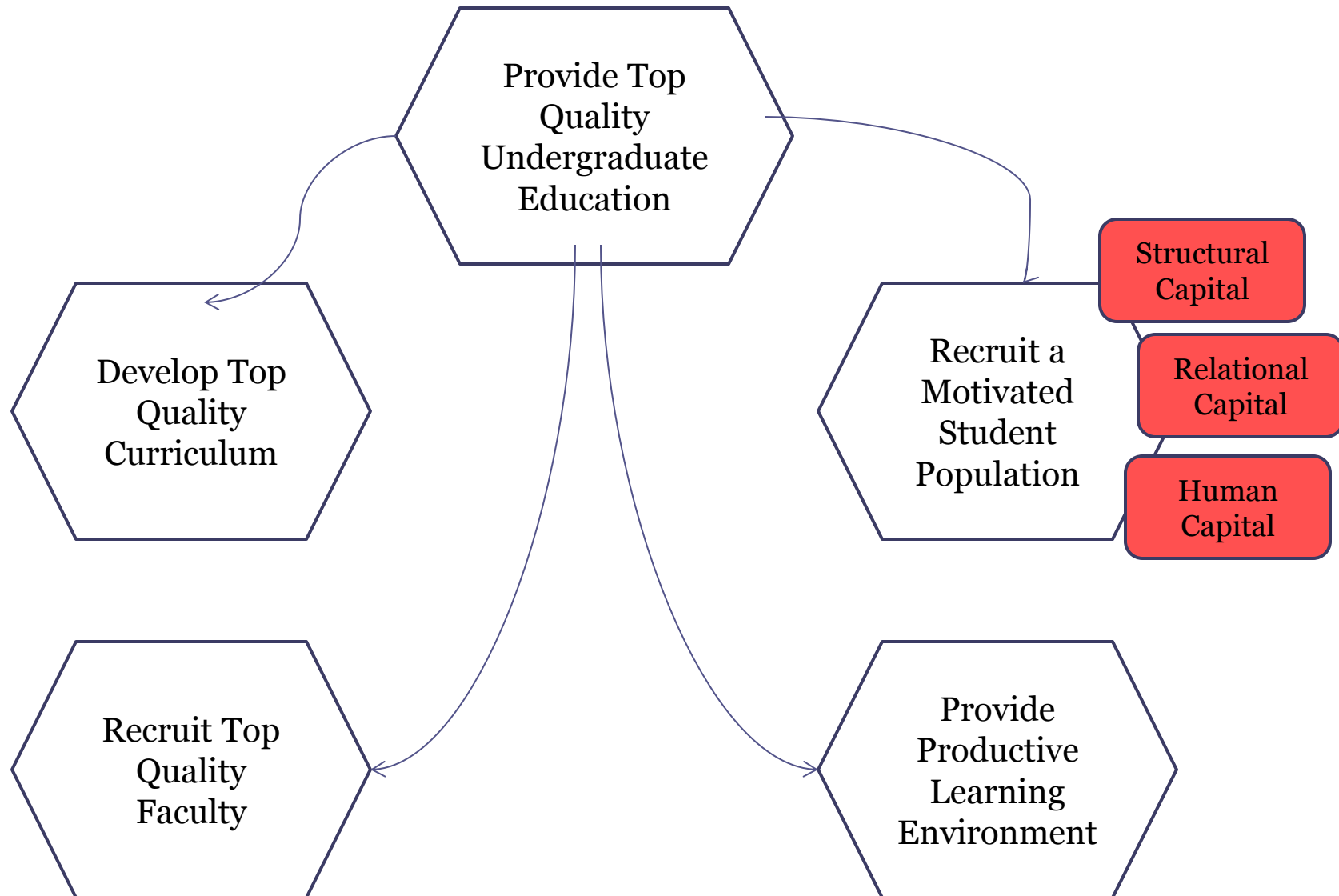


Daniel Andriessen, "Making Profit from Intellectual Capital," Intellectual Capital Conference, Jakarta, March 8, 2005

Business on a Page (BOAP) for a University

Strategic	<div style="display: flex; justify-content: space-around; text-align: center;"> Learning Innovation Governance </div>				
	Learning	Research & Development	Advising	Advocacy	Convening
Operational	<p>Provide top undergrad education</p> <p>Provide superior grad education</p> <p>Maintain accreditation in key academic areas</p> <p>Promote distance learning</p> <p>Provide experiential learning</p>	<p>Pursue funded research opportunities</p> <p>Support applied research</p> <p>Advance theoretical research</p> <p>Pursue technology transfer</p> <p>Pursue innovation</p>	<p>Pursue opportunities for industry advising</p> <p>Support independent consulting</p> <p>Partner with private sector for executive learning</p> <p>Encourage private sector collaboration</p>	<p>Collaborate on formulation of policy</p> <p>Provide regulatory advice</p> <p>Participate in development of industry standards</p> <p>Sponsor events and conferences</p>	<p>Encourage invisible colleges</p> <p>Support social dialog and conversations</p> <p>Offer free and open webinars</p> <p>Support guest lectures, seminars and symposia</p>
Enabling	<p>Build enhance university brand</p> <p>Fulfill university's financial & legal obligations services</p> <p>Maintain & update disaster recovery solutions tier-one services</p> <p>Maintain a repository of correspondence for key administrators</p> <p>Promote well-being in the campus community via quality health services environment</p> <p>Provide info & technology to enable business operations & manage records</p>				<p>Facilitate internal knowledge access</p> <p>Foster safe & effective parking facilities-transit</p> <p>Manage university's institutional risk</p> <p>Manage facilities, property & other assets</p> <p>Provide healthy, safe, security & productive campus</p> <p>Assist students finding options to finance education</p> <p>Manage university staff & employee pension fund</p>

How do we identify the business critical assets of core business capabilities?



Sample inventory - provide top quality curriculum

Asset Type	Asset Examples
Tacit Knowledge	subject matter knowledge, curriculum design knowledge, knowledge of metacognition, knowledge of learning processes and styles, knowledge of current trends...
Skills	teaching experience, feedback evaluation,
Attitude	knowledge sharing, open access, continuous learning, situational learning approach, learning outcomes and activities, collaborative design...
Explicit Knowledge	good practice syllabus development, information resources, commercial databases, assignments, curriculum guidelines and standards...
Procedural Knowledge	curriculum development processes, knowledge of institutional policies ...
Culture	teaching philosophy, learning culture of the institution, reward and recognition in the classroom, monitoring and coaching culture...
Networks	references to other thought leaders in the field, citations to other works, teaching teams, domain networks ...
Reputation	rigorous and comprehensive nature of the curriculum....

Sample inventory - provide productive learning environment

Asset Type	Asset Examples
Tacit Knowledge	instructional methods, assignment design, teaching experience,
Skills	technical skills, strong organizational skills, narrative intelligence, coaching and mentoring skills
Attitude	adaptability, visioning, creativity, emotional intelligence, social intelligence
Explicit Knowledge	successfully developed courses, models for online learning, knowledge of online learning design principles and guidelines
Procedural Knowledge	course delivery, assignment evaluation and feedback processes
Culture	strong student-faculty community culture, fair rewards and recognitions
Networks	student-faculty, faculty-family, student-family networks, student social networks
Reputation	student feedback, student evaluations, course design peer reviews

Inventorying IC assets for capabilities

- If you've walked through the capability modeling exercise, assigned risks and values to your capabilities, and identified intellectual capital assets – you know what your business critical knowledge is
- Now you're in a position to develop a knowledge management strategy to protect those capabilities and their assets
- Now you are ready to consider knowledge management methods and tactics
- Consider that defining tactics BEFORE you know what is business critical may be equivalent to wasting your organization's resources and incurring significant opportunity costs

Properties of intellectual capital assets

- It is important to distinguish the cost of assets from their value
- Intellectual capital assets do not diminish with use, they grow with use
- The main challenge in auditing intellectual capital is that unlike physical or financial capital the value of intellectual capital is never static
- Both the nature and the value of your intellectual capital assets need to be audited on a routine basis – the challenge is to decide which of these assets are “business critical”
- If you assign a value to it in 2011 for your organization, and there is a major advance in the field outside your organization – the value or relevance of your Intellectual capital may have gone down

Interactive exercise – critical business knowledge

- For this part of the exercise, you'll need to do at least a rough estimate of the types of assets that support those business critical capabilities
- Over time, you could undertake an inventory of all your intellectual capital assets, but you'll derive the best business value by focusing on those ranked in the heat mapping exercise
- For this exercise you can consult with the “business owners” or key administrators
- Once you've defined the critical assets – create your working inventory

NOW YOU'RE READY TO DEVELOP
STRATEGIES

Aligning strategies with resources

- Knowledge management is a rich field today - it is not shifting, shrinking or diminishing
- Rather it has grown and flourished through the development of new methods and the integration and adaptation of methods from closely related fields
- There is a rich repertoire from which to draw when defining strategies to grow resources – not every business problem is solved by a community of practice or a content management system
- Some critical business capabilities will benefit from ground-breaking methods in visualized learning and foresight management
- Others will benefit from a well designed content management system - no one size tactic fits all organizations

Interactive exercise – knowledge management tactics

- If you're business critical assets are:
 - skills and competencies, you should invest in a learning and training strategy for that capability
 - procedural know-how, you should invest in defining and documenting processes that work
 - tacit knowledge, you should develop a knowledge elicitation strategy to work with your subject matter experts
 - relationships and networks, you should conduct an organizational network analysis and assess your key nodes and knowledge flows

NOW FOR A BUSINESS-FOCUSED
KNOWLEDGE MANAGEMENT STRATEGY

Pulling it into an organizational strategy

- Develop your knowledge management strategy through induction – consider what is needed to support your core capabilities and assets – then select relevant tactics
- Synthesize and integrate these methods and tactics to develop an organization-wide KM strategy - one that has committed stakeholders and relevant business drivers
- In this way the strategy will sustain as the business develops – it is embedded in the business
- The wastage of effort will be minimized and the suboptimal diversion of critical resources will be avoided

MEASURING PROGRESS AND IMPACTS

Defining and measuring growth and maturity

- For several years now Georgetown students have supported a major manufacturing company in the development of maturity indicators, metrics and measurement methods
- What we have found is that organizations that tend to focus on core business capabilities and business critical knowledge are those that derive persistent value from knowledge management
- Taking a business capability approach enables an organization to develop a vision of how critical capabilities will evolve, to identify the business critical resources needed, the indicators that demonstrate progress, appropriate metrics and measurement methods

KM metrics lessons learned

- What doesn't work
 - Adopting another organization's metrics and expecting them to be meaningful to your business, capabilities, risks and values
 - Failure to understand align measurement with the progress and investments you intend to make in your knowledge and intellectual capital assets – makes no sense to invest an measure something different!
 - Failure to select indicators that are appropriate to the assets – YOUR assets
 - Choosing an assessment methodology that is reliable and valid – this is not an easy task

Questions, Comments, Disagreements?

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THANK YOU!