

Establishing An Organizational Benchmark for Knowledge

By Carl Frappaolo,
Executive Vice President
Delphi Group

Imagine going to a carpenter and asking him to build you a house.

That's it, "Build me a house." It's a ludicrous idea. How will the house be used? How many people should it accommodate? What are the site requirements? What is the budget? You would never dream of giving such a directive without first supplying the answers to questions such as these. Yet, this is the type of challenge faced today by many with regards to knowledge management. The directive to move is there; but there is no direction. In order to manage knowledge, it must first be measured and assessed.

Effective knowledge management requires the coordination of the cultural, technological and personal elements which spur creativity and innovation in response to changing stimuli. There is much more to this than simply picking the "right" technology. In fact, for many, technology is the simplest of dilemmas. Knowledge management represents a completely new and different environment; you are attempting to bring structure and control to that which typically has no boundaries. It is not at all like the automation of a structured and predictable application, (e.g., a document management system). Knowledge management forces the designer, developer and knowledge participants to delve into processes that almost defy formal procedure and rules. Yet, until a valid assessment is made of each of these factors within the organization, any attempt to initiate a knowledge-focused strategy is futile.

The Organizational Knowledge Benchmark

To begin a knowledge management initiative you need to execute a knowledge audit, which should provide:

- current levels of knowledge usage and communication,
- the current state of corporate knowledge management,
- identification and clarification of knowledge management opportunities,
- identification and clarification of potential problem areas, and
- the perceived value in knowledge within the organization.

This data helps organizations identify areas for improvement and opportunities to leverage knowledge.

While conducting research for their book, *Corporate Instinct*, authors Koulopoulos, Toms and Spinello discovered there was no simple way to conduct a knowledge audit. The unpredictable and informal nature of organizational knowledge sharing defied structured measurement. How does one measure factors such as the responsiveness of an organization to market and internal demands, or the level of general awareness of core competencies? In the past, some of this could be obtained from series of personal interviews. But often this data did not provide a complete or accurate picture of knowledge usage. Data calculated from the actual results of business activity tended to be biased towards the last performance (e.g., the one observed), rather than the organization's *inherent* ability. To hold any merit, a wide variety of business practices/experiences across the organization over several months would have to be measured. Thus this type of approach is impractical and costly.

The Knowledge Quotient

That is why the Delphi Group developed KM², its methodology for conducting knowledge audits. KM² measures elements critical to the analysis of the organization's opportunities for knowledge management, while it uncovers potential obstacles to

effective progress. Through this process, idiosyncratic factors and influences and their potential impact are revealed.

Assessing the Knowledge Potential

KM² begins with a customized survey which is administered throughout the organization. This is an important component of the Knowledge Audit. By soliciting responses from the full range of staff, it is possible to garner points of view which are frequently overlooked but which are critical success factors in the management of knowledge. For example, the R&D department of a petrochemical company had embarked on several knowledge-based initiatives, which had full support from upper management. Despite this, the organization's ability to reuse acquired know-how and expertise had not been impacted! The Knowledge Audit uncovered obstacles that the efforts to date had ignored. These included cultural differences across various geographic locations, discrepancies in 'management speak' versus 'management action', and process realities that flew in the face of knowledge-sharing practices. KM² also uncovered an underlying cultural approach to team-building which was virtually untapped by the current initiatives. Identification of these strengths and weaknesses facilitated minor modifications to existing systems, which resulted in a quantifiable ROI.

More importantly, it is the concurrent involvement of the entire organization that assures the validity of findings. This also removes the potential that the perspective of any one group prejudices the overall direction. Further, since the analysis of findings assesses major trends in opinion across the organization, the knowledge audit uncovers how the perceptions of users and owners of knowledge shape that organization. In the end, it may not matter what management thinks is the organization's potential for knowledge management. It is the experiences and attitudes of the constituents that is the reality. Because this research is conducted via a dynamically deployed web-based survey, the results are obtained in a matter of weeks.

Identifying Anomalies

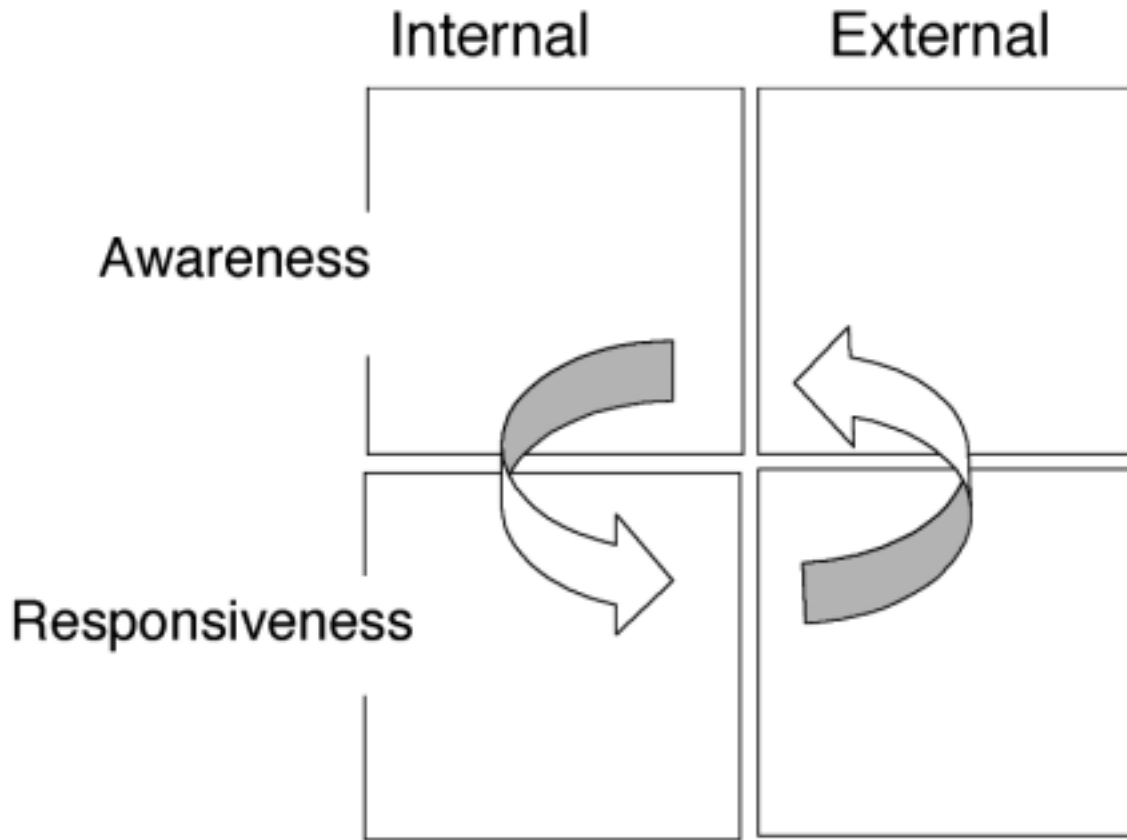
The insights gained through the survey results make it possible to go back and arrange targeted interviews to gather qualitative information. This is the second important component of the Knowledge Audit. KM² identifies anomalies among the organization-wide findings, uncovering groups within the organization that exhibit exemplary opinion and behavior. They may exhibit extreme positive or negative variances in each of the factors measured. Knowing where they are shows you where to apply targeted interviewing techniques. The "whys" behind the "whats" uncovered by the survey can lend critical insight into positive and negative influences on knowledge sharing in the organization.

At one manufacturing company, for example, the Knowledge Audit revealed that despite a high achievement in internal and external awareness levels, bodies of knowledge were treated as isolated silos. Thus, despite the levels of knowledge acquired, overall, the organization reacted lethargically to changes in stimuli, and required extensive corporate review and approval. The audit gave this organization valuable insight into specific formal and informal groups and practices that later became examples of what works to promote knowledge management. It also revealed, in very clear terms, what should be avoided. Because the interviews were preceded by the survey, the interview time and cost were dramatically slashed.

The Knowledge Chain

A focal point of KM² is measuring the effectiveness of an organization's performance with the Knowledge Chain (see chart). The Knowledge Chain (K-chain) is a model that can be imposed on an organization to create a benchmark of current success at

leveraging acquired expertise to expedite responsiveness and innovation. This can be a very valuable analytical resource for assessing the progress you are making in building an effective knowledge management environment.



from Corporate Instinct (Koulopoulos, Toms, Spinello; John Wiley & Sons)
 Caption: The Knowledge Chain (K-chain) is a series of interactions which constitute an organization's cycle of innovation. Knowledge management creates permeability between the four cells of the K-chain and accelerates the speed of innovation. The four stages of the Knowledge Chain define the flow of knowledge through an enterprise, as shown in this illustration.

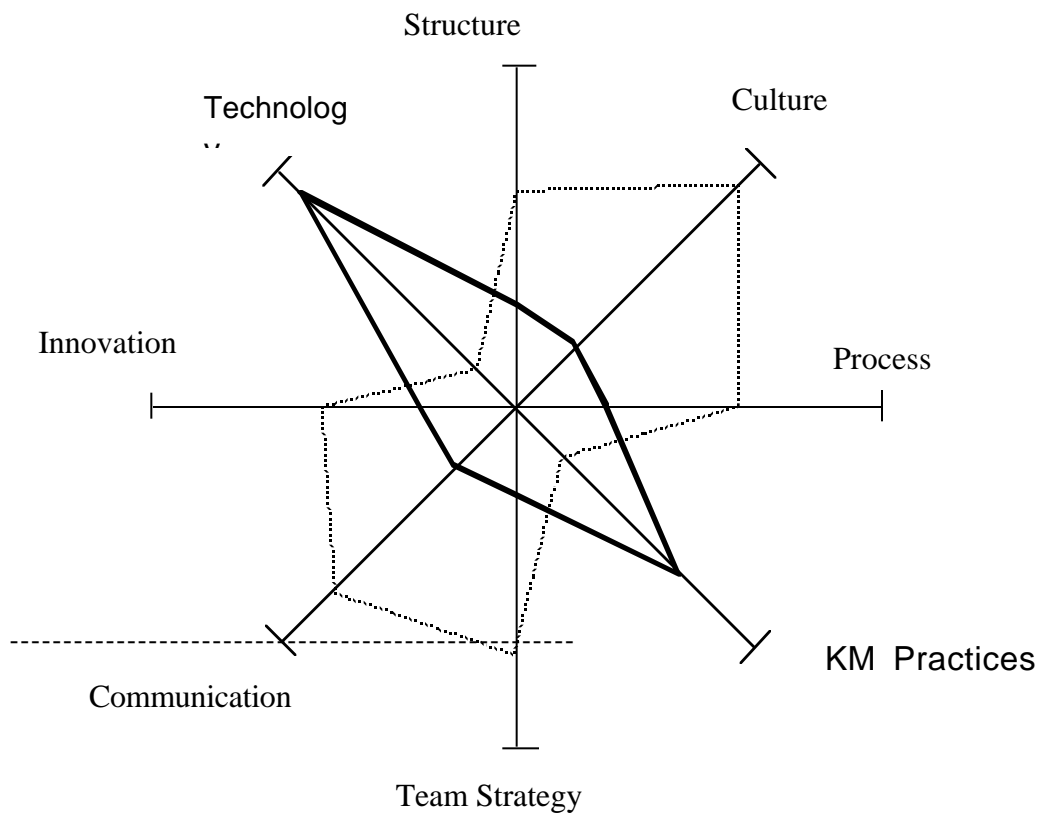
As part of this analysis, the internal factors which potentially inhibit or foster knowledge sharing in the organization are identified and assessed. The causal effect between these elements and the reality of how the organization is functioning from a knowledge-sharing standpoint can be empirically tested.

The Knowledge Audit provides a roadmap that helps the organization evaluate its options for knowledge management. Recommendations on how to proceed with a formal knowledge initiative become evident. The relationship between cultural, structural and procedural factors in the organization, to technological and infrastructure factors are clearly assessed. In a major federal government organization, the Knowledge Audit uncovered informal approaches to knowledge sharing that could be leveraged in building an automated approach to knowledge management. However, the approach taken to technology product selection, process definitions and design of a taxonomy for

the envisioned knowledgebase as a result of what was revealed by the Knowledge Audit took a dramatic turn from the original plans. The result was a much shortened and far more successful implementation.

Chart Assessing the Knowledge Potential

Factors which effect knowledge management can be measured separately, and collectively, offering a unique profile of the organization's effectiveness and opportunity in applying KM. This profile offers insights into to how the organization ranks relative to others in your industry, or even how different groups within one organization rank against another's use of KM. The resulting benchmarks can be used to justify and precisely assess the value of KM. In the chart below, the organization profiled with the dotted line has little in the way of formal KM technology or practices, yet it demonstrates an ideal environment for leveraging KM practices and technologies. The organization profiled with the dark black line has KM technology and practices, yet demonstrates an organizational environment that undermines its KM efforts. Neither organization is ideal. Understanding where and how to overcome the inadequacies of each organization is the purpose of a knowledge audit.



The benefit of conducting a Knowledge Audit is quite simple. The audit identifies the exact needs of the organization for knowledge management, the physical and cultural challenges/requirements of the organization, the value of knowledge within the organization, the types and availability of knowledge throughout the organization and the benefits associated with knowledge sharing within the organization. It provides a benchmark against which progress can be measured, so that you are not building your solution in the dark. Finally, the Knowledge Audit provides the insight necessary to approach development of a knowledge management system effectively and in a timely manner.

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Carl Frappaolo, Executive Vice President, The Delphi Group 617-247-1511

Author, consultant and working industry analyst, Carl Frappaolo

(cf@delphigroup.com) is the expert organizations seek out when they need an accurate understanding of that critical point where technology intersects with business. Mr. Frappaolo is the co-founder of Delphi Group, the industry analyst and consulting firm that specializes in e-business, corporate portals and knowledge & content management markets and technologies. Through Delphi Group's advisory services, consulting, market research, and worldwide, community-building conferences, Mr. Frappaolo dispenses objective thought leadership that has assisted thousands of professionals at nearly every major national and global organization and branch of government.