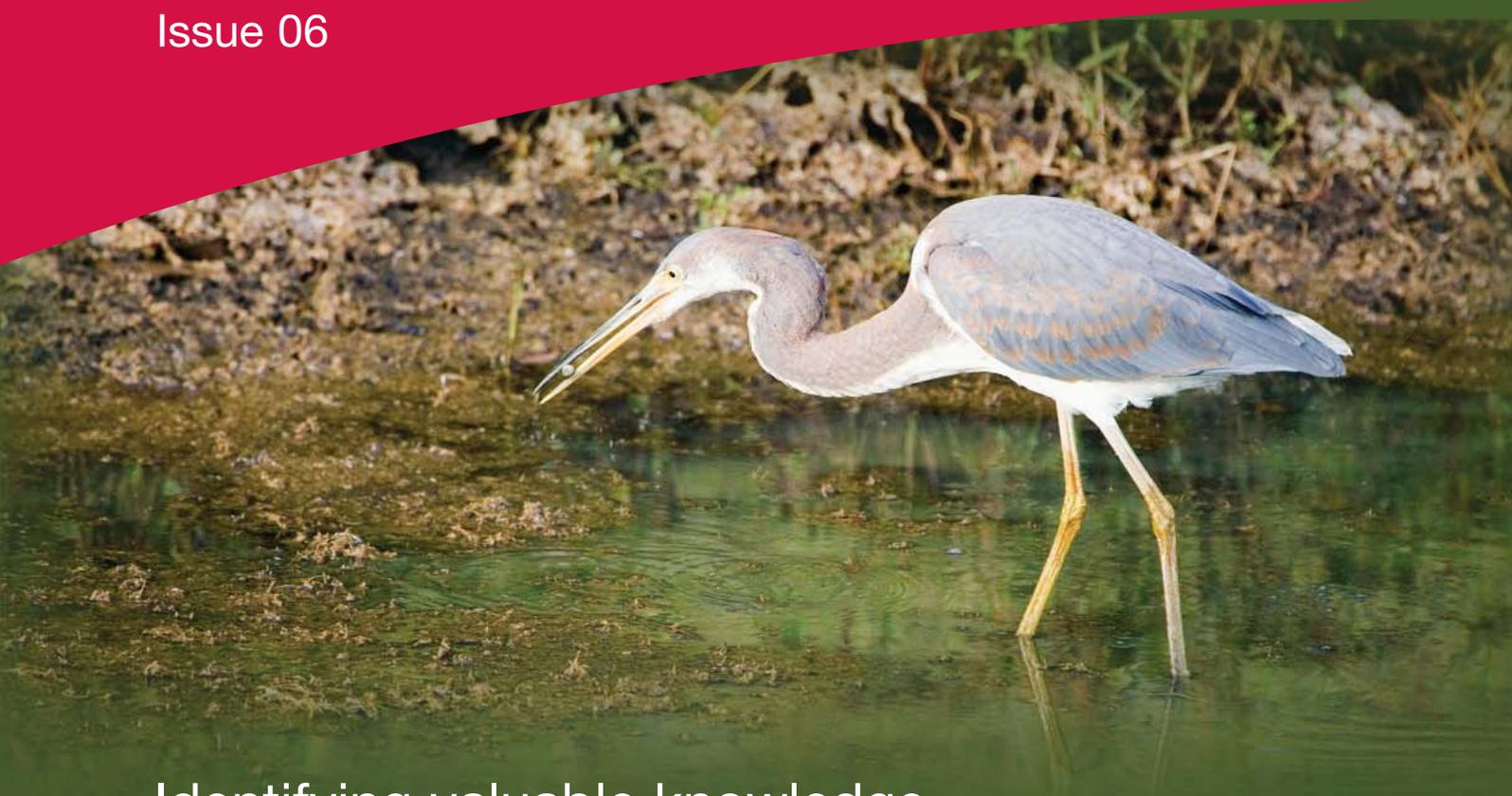


Knowledge in Action

Issue 06



Identifying valuable knowledge

Knowledge is one of an organisation's most important strategic resources. But ironically, organisations don't always know what knowledge is valuable to them. And worse, they often lack the tools to help them make the necessary judgements to establish those valuations.

Research from Henley Knowledge Management Forum helps to fill the gap, illuminating the processes involved in first charting and then valuing the knowledge that an organisation possesses.

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An organisation knows many things. But ironically, one of the things it usually doesn't know is exactly what comprises its most valuable knowledge – and what that knowledge is worth.

“People intuitively see that certain kinds of knowledge – such as the organisation’s R&D-related knowledge – are valuable. But what they are usually much slower to see is that knowledge about how the organisation manages its projects or even its facilities can be just as valuable.”

Naina Visani, head of knowledge management,
Atomic Weapons Establishment



Yet this is a question of fundamental importance. It's about an organisation's competitive edge, its unique 'go to market' proposition and even how it manages itself and reinforces its culture and sense of purpose. Look closely at what constitutes the typical organisation's most valuable knowledge and it is usually information and insights to do with precisely such strategic issues as these.

Research carried out by Henley Knowledge Management Forum helps organisations plug the gap, providing a framework to assist in pinpointing the most valuable aspects of the knowledge that they possess. By following a straightforward three-stage process, it's possible to firstly develop a knowledge map, then value the knowledge contained in that map and finally position that knowledge for beneficial use.

Developing a knowledge map

A knowledge map contains the knowledge that an organisation needs to operate effectively and efficiently. It is not an organisation chart or a process map, and is quite separate from organisational structures and processes.

Instead, it illustrates diagrammatically the various core areas of special expertise and insight that the organisation possesses, and highlights how these may be further broken down into the individual areas of knowledge that contribute to these.

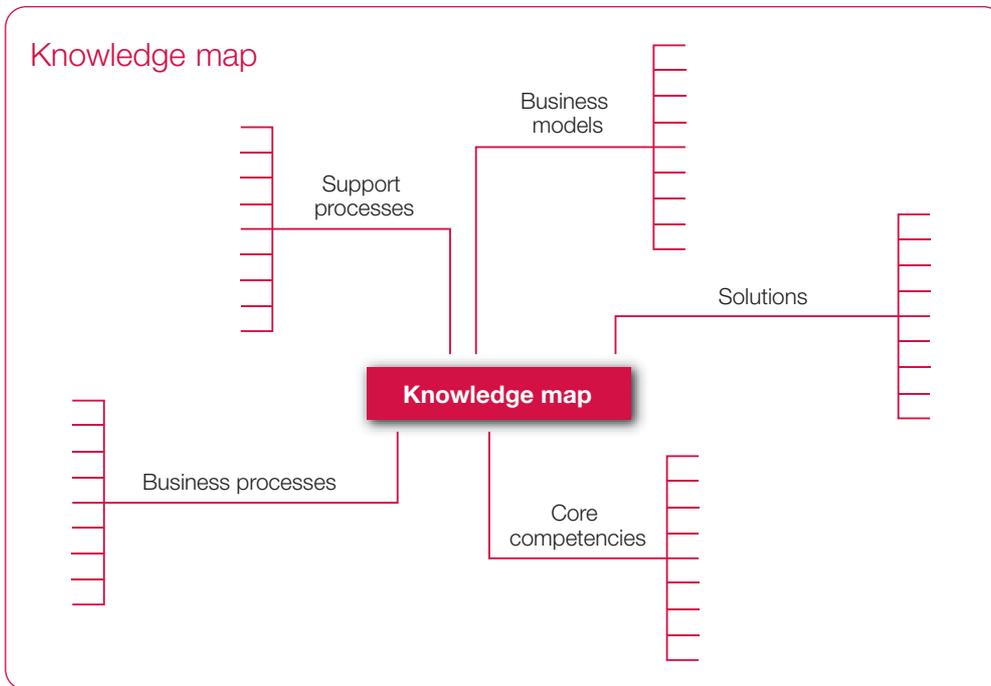
A knowledge map is likely to include knowledge about the marketplace in which the organisation operates, the specific technical competencies involved in the products and services that it offers, the value-adding processes that then sustain and deliver these products and processes, and the core business functions and processes that in turn support these value-adding processes.

A good starting point when constructing a knowledge map is to ask questions like these:

- What differentiates us in the marketplace?
- What are our important markets?
- What are our key value-adding processes?
- What are our important competencies?
- What are our important products and services?

Collaboration, insight ... practical value

Co-ordinated by Dr Judy Payne of Henley Management College, ten members of the Henley Knowledge Forum collaborated to develop these insights into how organisations can identify, value and deploy one of their most important strategic resources – knowledge. The focus group maintained a close and supportive working relationship once individuals began to apply the process within their own organisations. Organisations participating in the research included GlaxoSmithKline, QinetiQ, the Defence Logistics Organisation, Unisys and Nissan.



- What is important about our brand and identity?
- What are our key business support systems?

Valuing the knowledge

Knowledge itself has no intrinsic value; it only becomes valuable when it is used for the benefit of the organisation. This in turn depends on its importance to the organisation and the ease with which the organisation can access and apply it. So once the organisation's knowledge has been identified and mapped, it's important to start assessing its potential significance and usability.

This, fortunately, is easier than it sounds. What's important is to gain the views of as many stakeholders as possible within the organisation – and then be able to meaningfully distinguish between their views of the value and the accessibility of individual areas of knowledge. Helpfully, the use of scoring systems can assist in avoiding this difficulty. Three such scoring systems, for example, are as follows:

- Nominal scale scoring systems, where areas of knowledge are classified as 'important' or 'not important' and 'easy to access' or 'difficult to access'.
- Ordinal scale scoring systems, where areas of knowledge are ranked in order of importance and accessibility relative to each other.
- Rating scale scoring systems, where areas of knowledge are scored on, for example, a scale of one to ten.

“In many organisations, knowledge management offers a far bigger opportunity than is widely realised. The difficulty is that the knowledge in question must first be identified and valued – and most organisations are typically not very good at that.”

Jim Woodhams, project manager,
RWE Thames Water



Questions to help assess importance include:

- Is the knowledge critical to the business?
- Does it impact on reliable and efficient operations?
- Does it add value to the business?
- Is it unique to this organisation?
- Is it difficult to copy?
- Is it likely to be relevant for a long time?
- Could it be replaced by some other knowledge?
- Is it in demand?
- Does it represent something we excel at?
- Can it be patented?

Questions to help assess accessibility include:

- How easily can the knowledge be shared?
- How easily can the knowledge be applied?
- Can it be used to make other knowledge more accessible?
- How accurate and reliable does it have to be?
- How quickly does it change with time?
- What is the cost of maintaining it?
- Can the right people access it?
- Is the knowledge owned by the business?

“One of the reasons it’s difficult to identify valuable knowledge is that value is in the eye of the beholder. That’s why it’s important to involve as many different stakeholders as possible in the process.”

Dr Judy Payne,
Henley Knowledge Management Forum



Deciding how to manage knowledge

Finally, once knowledge has been valued, decisions can be made about its future. For example, it’s unlikely to be worth expending significant resources on publicising or protecting relatively unimportant knowledge. On the other hand, knowledge that is strategically important and easily deployed should be made as widely available as necessary, appropriately protected and thereby benefited from.

Knowledge that is important and easy to access is a good source of ‘quick wins’ for managers and this knowledge should be protected and maintained. Important but difficult-to-access knowledge requires investment, and less important knowledge can be bought-in or outsourced.

In short, once the organisation has identified and valued its knowledge, it’s then able to protect, develop, deploy and benefit from knowledge that is important, while moving resources away from non-strategically valuable knowledge that can be easily acquired or duplicated.

Henley Management College

A business school established 60 years ago by business, for business. Highly pragmatic and relevant programmes are readily applied back in the working environment, to make a real difference to individuals and organisations. Henley’s Queen’s Award for Enterprise in the International Trade category recognises our success in exporting management learning around the globe.

Henley Knowledge Management Forum

The Henley Knowledge Management Forum, founded in 2000, is an internationally recognised centre of excellence in knowledge management. As a membership-based community, it is a magnet for leading business practitioners, world-class academics and thought leaders who collaborate to develop insights, understanding and practical guidance on knowledge management.

To discuss the benefits of membership for your organisation, contact Dr Christine van Winkelen +44 (0)1628 486849 or Dr Judy Payne +44 (0)118 947 4652.

For more information visit www.henleymc.ac.uk/kmforum or email kmadmin@henleymc.ac.uk for an information pack.

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