

BSB60215 - ADVANCED DIPLOMA OF BUSINESS

Study Support materials for BSBINM607 - MANAGE KNOWLEDGE AND INFORMATION



This unit describes the skills and knowledge required to develop and maintain information processing systems to support decision making; and to optimise the use of knowledge and learning throughout the organisation.

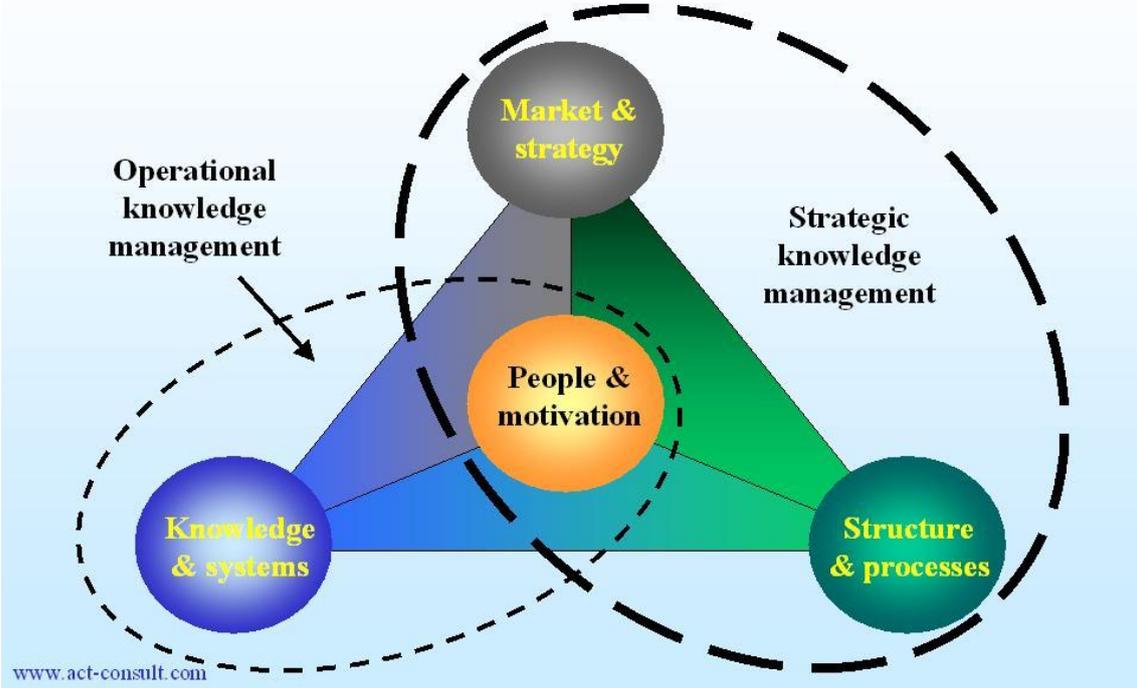
It applies to individuals who are responsible for ensuring that critical knowledge and information are readily available to review the organisation's performance and to ensure its effective functioning. It applies to a wide range of knowledge and information such as business performance data, customer feedback, statistical data and financial data.

Below is what you need to know by the end of this course.

ELEMENT	PERFORMANCE CRITERIA
<i>Elements describe the essential outcomes.</i>	<i>Performance criteria describe the performance needed to demonstrate achievement of the element.</i>
1 Obtain information relevant to business issues	1.1 Review staff and customer feedback and business performance data 1.2 Identify, define and analyse business problems and issues 1.3 Identify information required to reach a decision on problems/issues 1.4 Source and gather reliable information 1.5 Test information for reliability and validity and reject where contradictory or ambiguous 1.6 Utilise formal and informal networks to access corporate knowledge/memory not held in formal systems and review appropriately
2 Analyse information and knowledge	2.1 Ensure objectives for analyses are clear, relevant and consistent with the decisions required 2.2 Identify patterns and emerging trends correctly and interpret as to cause and effect 2.3 Utilise statistical analyses and interpretation where appropriate 2.4 Undertake sensitivity analysis on any proposed options 2.5 Ensure documentation reflects a logical approach to the evaluation of the evidence and conclusions drawn 2.6 Adjust management information systems/decision support systems to meet information processing objectives
3 Take decisions on business issues identified	3.1 Ensure sufficient valid and reliable information/evidence is available to support a decision 3.2 Utilise risk management plans to determine acceptable courses of action 3.3 Utilise appropriate quantitative methods to assist decision

ELEMENT	PERFORMANCE CRITERIA
	<p>making</p> <p>3.4 Consult specialists and other relevant groups and individuals</p> <p>3.5 Ensure decisions taken are within the delegation/accountability of the group/individual responsible</p> <p>3.6 Make decisions in accordance with organisational guidelines and procedures</p> <p>3.7 Ensure decisions taken are consistent with organisational objectives, values and standards</p> <p>3.8 Ensure decisions are taken in a timely manner</p>
<p>4 Disseminate information to the organisation</p>	<p>4.1 Ensure advice/information needs are documented and are specific to location, format and time line requirements</p> <p>4.2 Document information and update databases regularly</p> <p>4.3 Design and test systems to meet information requirements of decision makers</p> <p>4.4 Ensure information is up-to-date, accurate, relevant and sufficient for the recipient</p> <p>4.5 Develop communication plans and disseminate information</p> <p>4.6 Adhere to confidentiality/privacy policies in the transmission/release of information/advice</p> <p>4.7 Review and update communication plans regularly</p> <p>4.8 Utilise technology which provides optimum efficiency and quality</p> <p>4.9 Maintain corporate knowledge and ensure security</p>

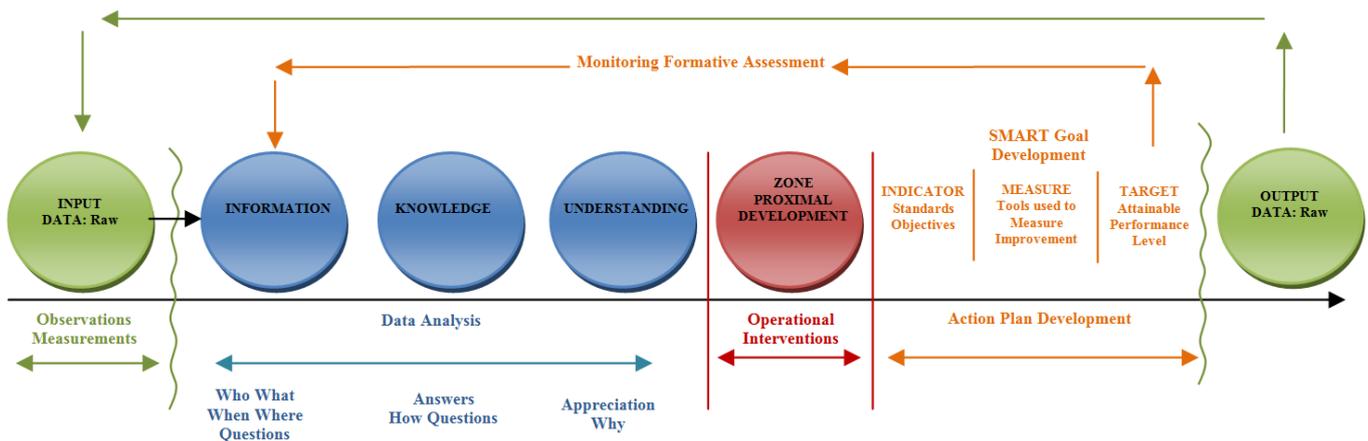
Knowledge management



“Information is not knowledge” - Albert Einstein

**Knowledge Management
Making the Most of Intellectual Assets**

Knowledge Management and Data Driven Decision Making Flow Chart®



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Introduction

There is probably no segment of activity in the world attracting as much attention at present as that of knowledge management. Yet this arena of activity there doesn't seem to be a wealth of sources that seemed to make sense in terms of defining what knowledge actually was, and how was it differentiated from data, information, and wisdom. What follows is the current level of understanding that I have found that pieces together data, information, knowledge, and wisdom. I figured to understand one of them we need to understand all of them.

<http://www.systems-thinking.org>

Today business organisations create and use vast quantities of information as never before. Information has become a valuable asset to business. Information supports day-to-day business operations decision making and almost any business function in a business firm. Enterprises invest in information technology because it has been proven to deliver an economic value to the business. The economic value can be expressed through an increase in competition, higher productivity, increased revenue etc.

If information presents value, it can be considered an asset. Although one cannot feel, smell or touch information, it is a critical element of almost any modern business. Information can be an asset or a liability, depending on the adopted information strategy or external factors. For example pharmaceutical companies are subject to stringent government legislation. Masses of clinical data needs to be stored and managed to comply with regulatory requirements. On the other hand, storing too much or too little information could cause an adverse effect on a business. Sales information is an obvious asset for decision making and business growth, however storing information without proper analysis turns into a liability.

Data and Information

Information is the basis for building an effective understanding of the place that information systems occupy within a business and more widely within the knowledge economy. It is especially important to understand distinction between data, information and knowledge and realise how they help organisations achieve their business objectives.

Business collect and store all sorts of data, raw unprocessed streams of facts are usually referred to as *data*. Entries of numbers, text, images or forms of computerised output are considered data. Raw data, however, is a relative term as data processing may have a number of stages, so the output processing stage can be considered to be raw data for the for the next. After data is processed and shaped in a meaningful form useful to a person or computer it turns into *information*.

Information... information is data that has been given meaning by way of relational connection. This "meaning" can be useful, but does not have to be. In computer actions, a relational database makes information from the data stored within it.

Forecast future trends

The ability to plan ahead for an impending downturn in the economy can be the difference between survival and foreclosure for a business. However, when using trend analysis to inform decision-making, you should consider that future trend forecasting is just that – a forecast or prediction. Even if it is based on sound and convincing data, there is always a chance that one or more factors unplanned for can impact the real outcome. For example, despite the extensive use of trend analysis in business and finance, the economic downturn resulting from the global financial crisis of 2007–2008 was largely unexpected and unpredicted.

Positive, negative and variable trends

Trends and patterns identified in data collection activities can be positive or negative. This means data could be showing increases or decreases over time. The terms positive or negative do not refer to whether the trend is favourable or unfavourable for the organisation; it is simply a way to describe how the trend is changing. For example, ‘an increase in staff resignations’ may be classed as a ‘positive’ trend, as there is an increase in the trend, even though this is not a positive outcome for the organisation.

Patterns may also vary, depending on a range of both predictable and unpredictable factors. Here are some common examples of positive, negative and variable trends and patterns commonly experienced in business. Possible sources have been added for each trend or pattern.

	<p>Positive trends</p> <ul style="list-style-type: none"> Increase in customer dissatisfaction with not being able to order online (from customer feedback) Increase in staff resignations (from HR statistics/exit interviews) Increase in online sales (from sales statistics) Increase in stress levels and employee days off (from absentee records/third-party reports)
	<p>Negative trends</p> <ul style="list-style-type: none"> Decrease in sales (from sales statistics) Decrease in WHS incidents (from accident reports) Decrease in demand for music CDs (from sales data) Decrease in rental market for DVDs (from sales data collected from one or more movie rental companies) Decrease in interest rates (from national and global economic data/third-party reports)
	<p>Variable trends</p> <ul style="list-style-type: none"> Airline ticket prices increasing for flights on Friday–Monday and during school and public holiday periods but decreasing for mid-week flights (from study of booking sites) Petrol prices increasing and decreasing during the weekly cycle according to the day of the week (from study of sample petrol retailers conducted for a consumer organisation) House prices increasing when interest rates are low (from study conducted by real estate body)

Why knowledge?

Knowledge is what we know. Think of this as the map of the World we build inside our brains. Like a physical map, it helps us know *where* things are – but it contains more than that. It also contains our beliefs and expectations. “If I do this, I will probably get that.” Crucially, the brain links all these things together into a giant network of ideas, memories, predictions, beliefs, etc. There are two sources that the brain uses to build this knowledge - information and data.

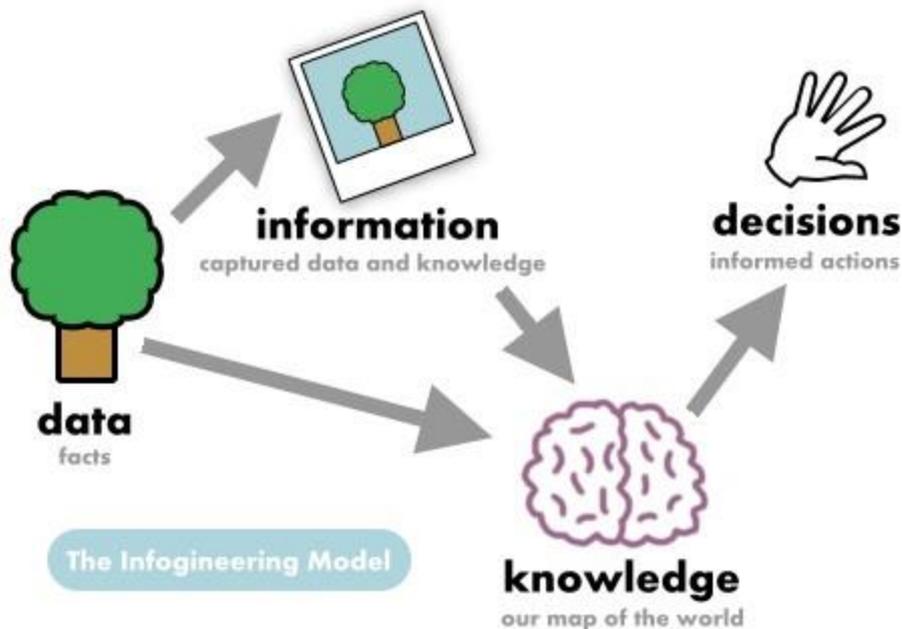
Data is/are the facts of the World. For example, take yourself. You may be 5ft tall, have brown hair and blue eyes. All of this is “data”. You have brown hair whether this is written down somewhere or not. Until we started using information, all we could use was data directly. If you wanted to know how tall I was, you would have to come and look at me. Our knowledge was limited by our direct experiences.

In many ways, data can be thought of as a **description of the World**. We can perceive this data with our senses, and then the brain can process this.

Human beings have used data as long as we’ve existed to form knowledge of the world.

Information allows us to expand our knowledge beyond the range of our senses. We can *capture data in information*, and then move it about so that other people can access it at different times. Here is a simple analogy for you.

If I take a picture of you, **the photograph is information. But what you look like is data.**



<http://www.infogineering.net/data-information-knowledge.htm>

In Brief

Data: Facts, a description of the World

Information: Captured Data and Knowledge.

Knowledge: Our personal map/model of the World

Understanding: appreciation of "why"- It is cognitive and analytical. It is the process by which we can take knowledge and synthesise new knowledge from the previously held knowledge. The difference between understanding and knowledge is the difference between "learning" and "memorizing".

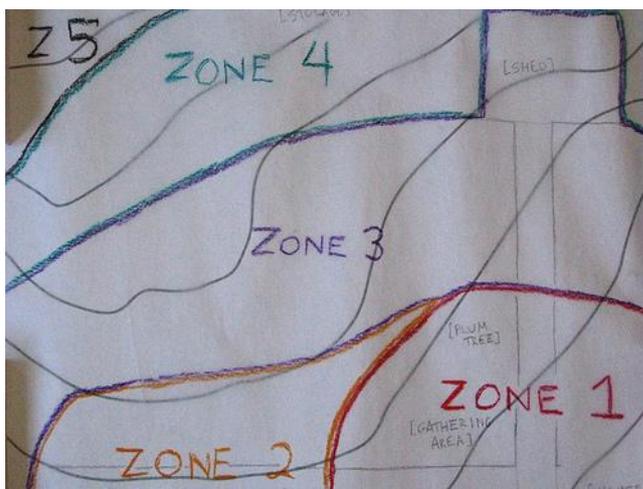
Wisdom: evaluated understanding. A process by which we discern or judge between right and wrong, good and bad wisdom is a uniquely human state

I included the last two as I believe businesses Management should not stop at knowledge to understand their employees and customers business owners need to know how to learn and understand the importance of discernment.

Knowledge Management

Before we start to explore and understand the details of what knowledge management is, and how to implement knowledge management projects and initiatives, we need to first ask ourselves why we want to consider knowledge management in the first place.

Knowledge Management is a management discipline, focused on delivering value through attention to knowledge; both knowledge held by individuals and communities, and



knowledge documented in guidance or reference material. To help you understand let's take the example of a map of mineral data, which you might use to site a gold mine.

Each point on the map is a datum - a mineral sample point, with a location in space.

The map itself is information; built up from the data points in such a way that it shows patterns which can be interpreted by a trained geologist.

However, to interpret that map needs knowledge. I could not interpret it - I am not a mining geologist - and unless you are a mining geologist, you could not interpret it either. The knowledge - the know-how, acquired through training and through experience - allows a mining geologist to interpret the map and come to a decision - to site a gold-mine, to take more samples, or to declare the area worthless.

In this example, the data, the information and the knowledge come together to form a decision, but the ignorant person, the person with no knowledge, could never make that correct decision. (<http://www.nickmilton.com/2013/03/how-to-explain-difference-between.html>)

How does Business benefit from Knowledge, Data and Information?

Let's explore some of the characteristics of knowledge, and the tools to make the most of the knowledge assets in your organization. No matter what industry you are in— health care, education, corporate or governance these points will apply:

1. **Knowledge Travels via Language.** This characteristic is particularly important for organizations that operate globally, in many languages. It is also important for high-tech firms that need to communicate complicated ideas firm-wide. Ensuring there is a single common language for all to understand is of key importance.
2. **Knowledge seeks community.** Knowledge is transferred in places of community and social interaction. It is vital for organizations to have both in person and online forums for employees from various departments to exchange and share ideas. Social sharing options that mimic the Facebook environment are becoming more popular for knowledge transfer techniques.
3. **Knowledge doesn't grow forever.** As years go by knowledge gets lost or dies. This is not necessarily a bad thing if the knowledge is outdated or extinct. Loss of knowledge can even be a great thing when it means letting go of old ways of thinking.

With the mass exodus of baby boomers leaving the work force, knowledge management should be on the top of every CEO and HR executives' mind.

When your retirees walk out the door, they're not just taking their coffee mug and other personal memorabilia with them; they're taking years of company knowledge. Knowledge transfer is a complicated task that can never be performed perfectly—no matter how many systems and managers you have in place to make sure your brain trusts pass down everything the next generations of workers need to know.

All businesses have access to an extensive pool of knowledge - whether this is their understanding of customers' needs and the business environment or the skills and experience of staff.

The way a business gather, shares and exploits this knowledge can be central to its ability to develop successfully. This doesn't just apply to huge multinational companies. Knowledge management can benefit everyone from a local newsstand to a manufacturing firm.

Below an explanation of the basic sources of knowledge available to your business, how you can best harness and exploit this information and how to create a knowledge strategy for your business.

What is knowledge in a business?

Using knowledge in your business isn't necessarily about thinking up clever new products and services, or devising ingenious new ways of selling them. It's much more straightforward. Useful and important knowledge already exists in your business. It can be found in:

- the **experience** of your employees
- the **designs and processes** for your goods and services
- your files of **documents** (whether held digitally, on paper or both)
- your **plans** for future activities, such as ideas for new products or services

The challenge is harnessing this knowledge in a coherent and productive way.

Existing forms of knowledge

You've probably done **market research** into the need for your business to exist in the first place. If nobody wanted what you're selling, you wouldn't be trading. You can tailor this market knowledge to target particular customers with specific types of product or service. Your files of **documents** from and about customers and suppliers hold a wealth of information which can be invaluable both in developing new products or services and improving existing ones.

Your **employees** are likely to have skills and experience that you can use as an asset. Having staff that are knowledgeable can be invaluable in setting you apart from competitors. You should make sure that your employees' knowledge and skills are passed on to their colleagues and successors wherever possible, e.g. through brainstorming sessions, training courses and documentation.

Your understanding of what customers want, combined with your employees' know-how, can be regarded as your **knowledge base**.

Using this knowledge in the right way can help you run your business more efficiently, decrease business risks and exploit opportunities to the full. This is known as the **knowledge advantage**.

Basic Sources of Knowledge

- **Customer knowledge** - you should know your customers' needs and what they think of you. You may be able to develop mutually beneficial knowledge sharing relationships with customers by talking to them about their future requirements, and discussing how you might be able to develop your own products or services to ensure that you meet their needs.
- **Employee and supplier relationships** - seek the opinions of your employees and your suppliers - they'll have their own impressions of how you're performing. You can use formal surveys to gather this knowledge or ask for their views on a more informal basis.
- **Market knowledge** - watch developments in your sector. How are your competitors performing? How much are they charging? Are there any new entrants to the market? Have any significant new products been launched?
- **Knowledge of the business environment** - your business can be affected by numerous outside factors. Developments in politics, the economy, technology, society and the environment could all affect your business' development, so you need to keep yourself informed. You could consider setting up a team of employees to monitor and report on changes in the business world.

- **Professional associations and trade bodies** - their publications, academic publications, government publications, reports from research bodies, trade and technical magazines.
- **Trade exhibitions and conferences** - these can provide an easy way of finding out what your competitors are doing and to see the latest innovations in your sector.
- **Product research and development** - scientific and technical research and development can be a vital source of knowledge that can help you create innovative new products - retaining your competitive edge.
- **Organisational memory** - be careful not to lose the skills or experience your business has built up. You need to find formal ways of sharing your employees' knowledge about the best ways of doing things. For example, you might create procedural guidance based on your employees' best practice. See the page in this guide: create a knowledge strategy for your business.
- **Non-executive directors** - these can be a good way for you to bring on board specialised industry experience and benefit from ready-made contracts.

Exploiting your knowledge

Consider the measurable benefits of capturing and using knowledge more effectively. The following are all possible outcomes:

- An improvement in the **goods or services** you offer and the processes that you use to sell them. For example, identifying market trends before they happen might enable you to offer products and services to customers before your competitors.
- Increased **customer satisfaction** because you have a greater understanding of their requirements through feedback from customer communications.
- An increase in the quality of your **suppliers**, resulting from better awareness of what customers want and what your staff require.
- Improved **staff productivity**, because employees are able to benefit from colleagues' knowledge and expertise to find out the best way to get things done. They'll also feel more appreciated in a business where their ideas are listened to.
- Increased business **efficiency**, by making better use of in-house expertise.
- Better **recruitment and staffing** policies. For instance, if you've increased knowledge of what your customers are looking for, you're better able to find the right staff to serve them.
- The ability to **sell or license** your knowledge to others. You may be able to use your knowledge and expertise in an advisory or consultancy capacity. In order to do so, though, make sure that you protect your intellectual property.

Make knowledge central to your business

In order to manage the collection and exploitation of knowledge in your business, you should try to build a **culture** in which knowledge is valued across your business.

One way to do this might be to offer incentives to staff who supply useful market news or suggest ways customers can be better served. You can use these knowledge management practices throughout your organisation to build better processes.

As part of your knowledge management, you should also make sure that any **intellectual property** that your business holds is protected. This means that you have the right to stop competitors from copying it - and also allows you to profit by licensing your business' knowledge.

Protecting and exploiting your knowledge base will be more effective if you develop efficient systems for storing and retrieving information. Your files - whether stored digitally or on paper - contain knowledge that you can use to make your products, services, systems and processes better and more customer-focused.

Keep knowledge **confidential**. Your employment policies play a central role in this. For example, you might get staff to sign non-disclosure agreements (also known as confidentiality agreements) when they join the business as this ensures that they understand the importance of confidentiality from day one. Employment contracts can be written to reasonably limit your employees' freedom to quit and work immediately for one of your rivals (restraint of trade clauses) or set up a competing business to yours in the vicinity (restrictive covenants).

Sharing Knowledge across Your Business

It's essential to avoid important knowledge or skills being held by only a few people, because if they leave or retire that expertise could be lost to your business. If you have efficient ways of sharing knowledge across the business, it will be more widely used and its value and effectiveness are likely to be maximised.

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Knowledge sharing

Consider the best ways of sharing new ideas and information with your staff. You may already have regular meetings when you can brief employees and ask them to share ideas and best practice.

You could consider holding **innovation workshops** or **brainstorming sessions** at which staff are given the freedom and encouragement to think of ways in which the business could improve.

It can also be a good idea to create a **knowledge bank** containing useful information and instructions on how to carry out key tasks. Putting this on an intranet is ideal as it will encourage staff to post news or suggestions.

Knowledge management

Technology alone isn't the answer to sharing knowledge - it has to be managed carefully so that information is channelled properly. You may decide to appoint a senior manager as **knowledge champion** for your business. See the page in this guide on how to make knowledge central to your business.

Incentives and training

Remember that offering staff incentives to come up with suggestions for how the business can be improved is often an effective way of getting them to use and share knowledge. Don't forget the importance of training in spreading key knowledge, skills and best practice across your business.

Create a knowledge strategy for your business

If you want to get the most from your business' knowledge, you need to take a strategic approach to **discovering, collating** and **sharing** it. This is done via a knowledge strategy - a set of written guidelines to be applied across the business.

If your strategy is to be effective, you must make sure your senior managers are committed to it and are fully aware of the benefits it can bring. Discuss with them the best ways of collecting and using knowledge.

You may decide to appoint a senior manager as **knowledge champion** for your business. For more information, see the page how to make knowledge central to your business.

When you're drawing up the strategy you need to:

- consider how effective your business currently is at using its knowledge
- Analyse your internal processes for gathering and sharing information - are there successful ways of generating ideas and do staff have a good grasp of what's happening?
- make sure that knowledge management, acquisition and distribution is a continuing process, so that it becomes central to your business' strategy

You should also identify the value of knowledge to your business. Think of ways you could exploit your knowledge for financial gain - perhaps by gaining a larger market share, developing new products, or selling or licensing your protected intellectual property to others. Ensure this fits in with your overall business plan.

Using information technology to gain and manage knowledge

Information technology offers powerful tools to help you gain and make the best use of knowledge. Some of the systems can be complex to set up and time-consuming to maintain. You need to choose systems that fit with your business and that will improve it without becoming a burden. You may find it useful to consult an IT specialist.

Types of information technology

- **Databases** organise information so it can be easily accessed, managed and updated. For instance, you might have a database of customers containing their contact information, their orders and preferences.
- A **data warehouse** is a central storage area you might use if you have a variety of business systems or a range of information in different digital formats. Many businesses now use digital asset management to store, manage and retrieve information, and this can be particularly helpful if you sell online. It is, however, a complex area technically and in task management, and you may wish to seek specialist advice from an IT consultant.
- **Data mining** is a process in which all the data you collect is sorted to determine patterns. For instance, it can tell you which products are most popular and whether one type of customer is likely to buy a particular item.

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2. **Knowledge seeks community.** Knowledge is transferred in places of community and social interaction. It is vital for organizations to have both in person and online forums for employees from various departments to exchange and share ideas. Social sharing options that mimic the Facebook environment are becoming more popular for knowledge transfer techniques. These can be built into your learning; talent or knowledge management system.
3. **Knowledge doesn't grow forever.** As years go by knowledge gets lost or dies. This is not necessarily a bad thing if the knowledge is outdated or extinct. Loss of knowledge can even be a great thing when it means letting go of old ways of thinking and possibly retiring whole blocks of knowledge for new knowledge to evolve. Knowledge loss becomes a problem though, when vital systems, procedures, and data get lost.

Knowledge Management Best Practices

Business today marks a dynamic time where companies must either innovate or die. Whether developing innovative products or services, the ability to learn, adapt and change is a core competency for survival. To do this effectively, past, current and future knowledge must be nurtured, maintained and shared properly. Here are a few suggestions to manage your organization's knowledge:

Knowledge organizes itself around organisational purpose so it is vital that employees have your mission ingrained into their being. One way to do this is having a talent management system that aligns corporate training with the organisations goals.

Most large organizations employ knowledge leaders to manage organisational learning and knowledge transfer. If you can't afford to bring someone on full time, don't sweat it. Many talent and competency management systems make it easy for you to manage this on your own. To do the work of a Knowledge Manager, it is best to group your activities into three or more subcategories including:

- **Knowledge transfer:** ensuring that exiting employees appropriately document information and processes that must be handed down to ensure smooth operations once they leave.
- **Learning & Competency Management:** ensuring that new and existing employees are kept up-to-date with new skills and knowledge.
- **Knowledge Creation:** ensuring employees have the time and resources to engage in research and development.
- **Knowledge Sharing:** ensuring that employees have opportunities to share knowledge with one another both online and in person.

A knowledge management system has helped build the US Army into a learning organisation by making learning routine. This has created a culture where everyone continuously assesses themselves, their units, and their organization, looking for ways to improve. After every important activity or event, Army teams review assignments, identify successes and failures, and seek ways to perform better the next time. This approach to capturing learning from experience builds knowledge that can then be used to streamline operations and improve processes.

Managing organisational knowledge can also stimulate cultural change and innovation by encouraging the free flow of ideas.

Feedback

A responsibility for most managers is to review feedback obtained from staff and customers in order to monitor organisational performance. This means accessing the organisation's knowledge management system. Make sure you are familiar with the system so you can locate the data and information that you need quickly and efficiently. For example, you may need to search relevant databases, intranets and websites, and speak with relevant personnel to find the information you need.

Manager's Role in managing information

Capturing knowledge and experience that has been built by an organisation and the individuals within it can assist the performance of staff and managers and should therefore be a priority in any business planning and operations. Leaders are responsible for contributing to the development and implementation of goals and strategies that ensure critical knowledge and information is readily available for review and the organisation's performance can be monitored and important adjustments made as required. When implementing or updating an information or knowledge management system, a manager must be aware of implications relating to the following legislation, policies and procedures.

Legislation, standards and policies

The *Privacy Act 1988* and the Australian Privacy Principles

Freedom of Information Act 1982

Australian Standard AS 5037-2005 Knowledge management – a guide

Records management and information management policies and procedures

Customer service policies and procedures

Confidentiality policies and procedures

Consider needs of users

Knowledge management is a continuous process. Information must be collected, analysed and made available on an ongoing basis in order to inform responsive decision making within an organisation. When undertaking such tasks, it is important to consider the needs of all users of your knowledge management system. This means considering various departments and levels within the organisation. For example, the need to understand and use the system is different for a customer service officer in a retail organisation than it is for a store person in its warehouse or a department manager.

The customer service officer may need to be aware of how many units of an item are available during a sale; the store person may need to extract data about stock levels and

reorder or increase levels of available stock; the manager may need to be aware of this procedure for ordering purposes but also needs to be able to extract information on the quantity of stock that has been purchased and the total expenditure. It is therefore vital to understand your organisational structure and the roles and responsibilities within each department.

Sources of Feedback

The two main sources of feedback are customers and staff because it is these two groups that are most likely to determine the success of a business. It is therefore important that managers listen to what each of these groups say in terms of how the organisation is currently meeting their needs and how it can improve. Such feedback can help measure performance, assist in identifying new markets and ideas, inform decision making and help plan for the future. Feedback from both staff and customers can be collected informally, through open discussion in a range of forums, and formally, through more structured questioning in the form of interviews, surveys and questionnaires. Here are three types of feedback.

Performance data This can be a range of data that encompasses the various aspects of performance of your organisation, including financial performance, sales, profit and loss, compliance, efficiency, etc. It is generally data that describes how well the business is doing. Performance is most commonly measured through data, or metrics, often in the form of key performance indicators (KPIs), management dashboards and 'phone directory-type' performance reports. For example: Call centre staff will answer 75 per cent of calls within 20 seconds. The production team will achieve a 10 per cent reduction in re-work within 6 months.

Staff feedback seeking feedback from staff is a crucial responsibility for an effective organisation. Staff can inform management of issues that managers may not be aware of, and provide information on morale, work practices, resourcing problems etc. Feedback is generally subjective so can contain views and suggestions from different perspectives. A recent survey of Australian accounting firms found that less than 25 per cent of participating organisations regularly sought employee feedback in the form of surveys. Results also showed that, of the lowest performing organisations in the survey, only 10 per cent surveyed staff regularly and, of the highest performing organisations, almost 50 per cent did. This correlation indicates that gaining valid and reliable staff feedback may have a significant effect on performance. The survey is available at: www.futuritysolutions.biz/research

Review and analyse staff feedback

Once data is collected, it is important that review and act upon it and, most importantly, by feeding back the results and actions to staff. Always involve staff in implementing initiatives towards meeting the new goals, such as a team bulletin board, regular team updates and reports in staff meetings.

In reviewing staff feedback, it may be a good idea to divide data into two categories: results to be addressed at higher management level and results to be addressed at departmental level.

This way appropriate actions and decisions can be made more effectively and efficiently. Follow the steps below when reviewing feedback data.

The feedback review process

- Look for a theme** what has been reported by the most staff and who is most affected?
- Look for sub-themes** Is one team happy with the workplace culture and others not?
- Distribute findings** Compile data using appropriate analysis methods and make it available to staff, even if you are unsure of the actions to take.
- Identify areas to address** Decide where changes or actions are needed.
- Consult with a range of stakeholders** Seek input on changes from peers, management, affected staff and even customers.
- Formulate changes** Design, implement and document strategies for change.
- Develop objectives** Set targets and measures to determine if/when objectives are met.
- Monitor progress** Check progress towards achieving objectives.

Example: implement and review staff feedback

A large department store conducts a pulse survey of front-of-house staff part way through the busy Christmas shopping period. The purpose of the survey is to see whether staff are coping with the increased level of sales and that staffing levels are appropriate to cater for the extra workload. A couple of questions are also included in the survey to gauge whether the staff think that, in general, their customers are happy with service at this time.

Mike, the manager responsible for the survey, plans to include only counter and floor staff in the survey, as he believes casual, seasonal gift wrappers are only temporary workers who have little understanding of the company and won't be around for long anyway. Angela, the homewares department manager, argues successfully that gift wrappers should be included as they can have a major impact on sales. She explains that:

if they walk off the job, pass their dissatisfaction onto customers or aren't well trained, the company loses money gift wrapping still represents an important step in the service delivery process gift wrappers can be a source of valuable information about customer satisfaction; for example, when customers are having their purchases wrapped they are relaxed and can offer vital feedback about their shopping experience.

When data is collected and analysed following the pulse surveys, the organisation finds that including gift wrappers in the survey led to additional training being offered to wrappers for the remainder of the sale period. They were instructed to engage in friendly discussion with customers and ask specific questions to find out what customers were saying about their overall experience and to ensure they ended the transaction with a specific farewell, such as 'Thank you for choosing to shop with us. I hope they like the gift. See you again soon. Merry Christmas!'



Seek customer feedback

One of the best ways to ensure you keep your existing customers, and then find out how to attract new ones, is to ask them what they think. Of course, customers can often tell you what they think without you asking! But remember, both methods for receiving feedback are equally important. Customer feedback can be positive and negative, People

sometimes try to avoid negative feedback in the workplace and clamour for positive input. But criticism is just as important to the success of a company as positive feedback. Learn to use positive and negative feedback to improve your company processes and develop a product offering that is more acceptable to clients. Feedback has value regardless of its intent or origin.

Customer Service

An angry customer can sometimes make it difficult to find a solution to a customer service situation. But understanding why the customer is angry is as important as receiving positive feedback on the operation of a product. Negative feedback in a customer service setting can help the company to understand shortcomings in the product development, the customer service process and the marketing. If product marketing is making promises the product cannot keep, then that is often pointed out in negative feedback. On the other hand, positive feedback indicates the things that the company does well and should be used to improve operations

Continuous data analysis

When data is collected on an ongoing basis, the analysis cycle must also be ongoing. Effective data analysis is critical in supporting actions and making informed decisions. Data analysis is the process of inspecting, extracting, categorising, understanding and annotating data in order to discover useful information, identify trends and issues and support decision-making. In order to analyse raw data, you need to follow a number of steps

<p>Annotate</p> <ul style="list-style-type: none"> Develop a process for keeping notes from individual sources. Consolidate these pieces of information together. Identify and note themes. <p>Code</p> <p>Develop classifications by which to group your data; for example, 'Order processing', 'Order shipment' and 'Post-sales service'.</p> <p>Code data so that it can be used and interpreted.</p> <ul style="list-style-type: none"> Codes must be mutually exclusive. Codes must be exhaustive. Codes must be applied consistently throughout. 	<p>Summarise and generalise</p> <ul style="list-style-type: none"> Draw some relative generalisations (rather than conclusions) from the whole range of data collected. What patterns do you notice? What are the deviations? What are the emerging themes? Summarise and generalise using figures and quotations. <p>Surmise</p> <ul style="list-style-type: none"> What pattern do you see? What does this graph tell you? Who could use this data? How could they use it? Why is this data shown in a line graph?
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Concurrent analysis

Often, the concurrent analysis of two or more different sets of data, can lead to a more reliable identification of trends, problems or issues that need to be addressed. You are likely to gain information from different perspectives. The more information you receive; the better chance you have of identifying issues. Consider the following process for comparing two different samples of data collected from customer feedback.

Concurrent data analysis

1. Collect data from two different sources: from surveys where responses are quantified and qualitative feedback from focus groups.
2. Analyse individual findings.
3. Consolidate quantitative and qualitative findings to obtain a picture; for example, response and order processing times; opinions relating to service quality.
4. Summarise and report the findings to enable decision-making

If you fail to ensure your data is reliable and valid, you may be taking actions based on inappropriate findings and therefore may face failure. If the data collection method is flawed, then the data analysis will also be flawed. Not all information is valuable for your needs or uses. To assess the value of information, you may wish to refer to the following benchmark characteristics (adapted from Ralph M. Stair's book *Principles of information systems*, published in 2010).

Accurate – is free from error

Complete – contains all of the important facts

Economical – is relatively inexpensive to provide

Flexible – can be used for a variety of purposes

Reliable – is dependable

Relevant – is important to the decision-maker

Simple – is easy to find and understand

Timely – is readily available when needed

Verifiable – is able to be checked for accuracy

Reliable data

Data reliability is a when data is sufficiently complete and error-free to be appropriate for its purpose and context. Reliability refers both to the data itself and the source. Be aware of results from organisations that have a vested interest in the results; for example, a company that sells vitamins publishes research about the benefits of long-term vitamin supplements. While such research findings can indeed be valid, often the parameters within which the research was conducted are skewed to reach a particular finding that benefits the source. There is also the possibility that the data has not been collected accurately or the sample from which it was taken cannot be verified or is not relevant to your needs.

Summary

1. It is crucial to analyse data and extract the information contained in it in order to support informed decision-making.

2. Before a leader can turn information into knowledge, they must have clear objectives, so that analysis can be targeted and focused and achieve the desired outcome.
3. Analysis of trends and patterns assists in explaining an issue or answers questions from the objectives of research.
4. A cause and effect analysis identifies the likely causes of problems. A fishbone diagram is useful for a root cause analysis.
5. Statistical analysis is particularly useful in drawing conclusions about a set of data by examining a defined sample.
6. Sensitivity analysis, also known as a ‘what-if’ analysis, is a method used to determine how outcomes are affected by changes.
7. It is important to ensure documented findings are clear and easy to understand for a range of audiences and uses within your organisation.
8. Documentation used to present findings should include a mix of written and visual presentation tools to present results of data analysis.
9. You should continuously monitor and adjust knowledge management systems to ensure they meet the needs and objectives of your organisation.

Three types of Knowledge Capital

Three types of capital not (yet) included in the balance sheet are human, relationship and structural capital. Together they make up intellectual capital (an organisation’s usable knowledge).

- *Human capital.* This incorporates the competencies, health, knowledge, skills, motivation and productivity of an organisation’s employees that can leave with employees unless they are recorded in tangible form or incorporated into the organisation’s procedures and structure. Measures include attrition rate among top performers, employee engagement and innovation; for example, 3M has a goal that at least 25% of annual sales will come from products less than four years old.
- *Relationship capital.* This is the value of an organisation’s relationships with customers, suppliers, outsourcing and financial partners. It is built over time and reflected by loyalty to the company and its products, producing, for example, cross-selling, ideas sharing, referrals and repeat business. Measures include brand value, customer retention rate and customer satisfaction measures; for example, when Boeing designed its 777 jet, suppliers, customers and users (e.g. frequent fliers and aircrew) were all consulted and the result was almost universal acclaim.
- *Structural capital.* This could be described as the organisation’s knowledge database. It is comprised of competitive intelligence, copyrights, customer files, databases, formulas, information systems, patents, policies, processes, software, trademarks, and so on, created by the firm over time. All of these remain with the organisation when employees go home. Measures include effectiveness of processes (are they helping or hindering?), estimated cost to replace databases, suggestions made versus suggestions implemented, and time taken to develop new products and services and offer them to the marketplace (‘time to market’).

(Extract from Management: Theory and Practice. Kris Cole.)

Emotions and Risky Decision

Most decision makers rely on emotions in making judgments concerning risky decisions. Many people are afraid of the possible unwanted consequences. However, do we need emotions in order to be able to judge whether a decision and its concomitant risks are morally acceptable.

This question has direct practical implications: should engineers, scientists and policy makers involved in developing risk regulation take the emotions of the public seriously or not? Even though emotions are subjective and irrational (or a-rational), they should be a part of the decision making process since they show us our preferences. Since emotions and rationality are not mutually exclusive, because in order to be practically rational, we need to have emotions. This can lead to an alternative view about the role of emotions in risk assessment: emotions can be a normative guide in making judgments about morally acceptable risks.

Most people often make choices out of habit or tradition, without going through the decision-making process steps systematically. Decisions may be made under social pressure or time constraints that interfere with a careful consideration of the options and consequences. Decisions may be influenced by one's emotional state at the time a decision is made. When people lack adequate information or skills, they may make less than optimal decisions. Even when or if people have time and information, they often do a poor job of understanding the probabilities of consequences. Even when they know the statistics; they are more likely to rely on personal experience than information about probabilities. The fundamental concerns of decision making are combining information about probability with information about desires and interests. For example: how much do you want to meet her, how important is the picnic, and how much is the prize worth?

Business decision making is almost always accompanied by conditions of uncertainty. Clearly, the more information the decision maker has, the better the decision will be. Treating decisions as if they were gambles is the basis of decision theory. This means that we have to trade off the value of a certain outcome against its probability.

To operate according to the canons of decision theory, we must compute the value of a certain outcome and its probabilities; hence, determining the consequences of our choices.

How can we better achieve objectives with effective knowledge management?

<http://www.knowledge-management-online.com/the-importance-of-knowledge-management.html>

Well, for a start, effective knowledge management should dramatically reduce costs. Most individuals, teams and organizations are today continually 'reinventing the wheel'. This is often because they simply do not know that what they are trying to do already is what has been done elsewhere. They do not know what is already known, or they do not know where to access the knowledge. Continually reinventing the wheel is such a costly and inefficient activity, whereas a more systematic reuse of knowledge will show substantial cost benefits what immediately.

But as well as reducing costs, effective knowledge management should also dramatically increase our speed of response as a direct result of better knowledge access and application.

Effective knowledge management, using more collective and systematic processes, will also reduce our tendency to ‘repeat the same mistakes’. This is, again, extremely costly and inefficient. Effective knowledge management, therefore, can dramatically improve quality of products and/or services.

Better knowing our stakeholder needs, customer needs, employee needs, industry needs, for example, has an obvious immediate effect on our relationship management.

So it is very easy to see how effective knowledge management will greatly contribute to improved excellence, which is to:

- a) Dramatically reduce costs
- b) Provide potential to expand and grow
- c) Increase our value and/or profitability
- d) Improve our products and services
- e) Respond faster

Knowledge simply underpins everything we do.

But the benefits of knowledge management for improved excellence, is simply ‘one side of the coin’. There is more.

Effective knowledge management, especially accelerated knowledge creation, is the driver for innovation. Increasingly, products and services are becoming ‘smarter’ and more knowledge based.

Our ability to better collaborate in physical and virtual teams, as knowledge workers, is driving the process of new knowledge creation. Ideas can now be turned into innovative products and services much faster.

As organizations, we are learning faster, and that means that individuals are learning faster. People are developing their competencies and confidence faster in organizations that practice effective knowledge management.

In summary, we simply cannot afford not to mainstream, to embed and embody knowledge management principles, strategies, policies, processes, methods, tools and technologies into our daily personal, team and organizational lives.

The Knowledge Economy is the next booming economy in a world of recession

In a world that is facing economic recession many are starting to ask ‘What is going to be the next booming economy, what are its characteristics and, how will it help us to grow out of recession?’

The next booming economy is already here! It’s the rapidly growing global knowledge economy!

More individuals, teams, organizations and inter-organizational networks will be restructuring and renewing themselves with the primary purpose of profitably trading their knowledge to add even higher value, predominantly on the World Wide Web.

Already we see more enlightened organisations developing and applying the knowledge they have about their industry, customers, partners and stakeholders, as their prime strategic asset, at the highest point in the value chain. Many are becoming less involved, and more open to profitably outsourcing the other business operations.

Around the world we hear automobile companies talking far more about their critical and key knowledge areas of design, knowledge of manufacturing, knowledge of distribution, knowledge of service and support etc. as their ‘crown jewels’ or ‘master recipe’.

Based on applying this key knowledge they then outsource the other business components.

We hear the same from the aerospace industry, the oil and gas industry, the information technology industry, the food and agricultural industry, the healthcare industry, in fact most, if not all, industries.

A knowledge mantra could be 'know and apply what you know the best, and link to the best of the rest'

Knowledge has become the key strategic asset for the 21st Century and for every organisation that values knowledge it must invest in developing the best strategy for identifying, developing and applying the knowledge assets it needs to succeed.

Every organization needs to invest in creating and implementing the best knowledge networks, processes, methods, tools and technologies. This will enable them to learn, create new knowledge, and apply the best knowledge much faster.

Every individual who wishes to successfully participate in the rapidly growing global knowledge economy must now consider the development of their personal knowledge management competencies as an 'essential life skill' for the 21st Century.

It has been said many times, 'knowledge will radically and fundamentally transform economies'.

One thing is absolutely certain in this rapidly changing world.

The best knowledge will always be in demand.

In, say, fifty years' time you can be certain of one thing. Leaders of economies, industries and organizations will always be very interested in finding new and better ways to create and apply knowledge.

Effective Knowledge Management is a timeless and changeless principle.

The strategies, methods and tools of knowledge management will undoubtedly change, but the timeless principles will, of course, remain unchanged.

To survive and succeed in the new global knowledge economy, we must become far more effective and more productive. We must always strive for the best relations and highest quality.

To do that, the successful organisations and individuals will not allow themselves to keep 're-inventing the wheel' or 'repeating the same mistakes. This is so costly and that good leaders will simply not tolerate, nor be able to afford, such cost inefficiencies caused by knowledge gaps and bad knowledge flows.

Would the global financial crisis have been prevented or minimised with far more effective global knowledge management?

Finally, those individuals and organizations that can best sense the changes, will become quickly alerted to, find, organise, and apply knowledge, with a much faster response time, leaving the competition far behind.

All of this can only be achieved through good knowledge leadership that understands the unchanging timeless principles for knowledge, that transforms individuals and organisations to become far more responsive and effective players in a growing knowledge economy.

Knowledge Management is for everyone.

Global and/or Planetary Knowledge Management is becoming a reality today.

The knowledge economy is rapidly becoming the largest and most successful and sustainable economy in the world.

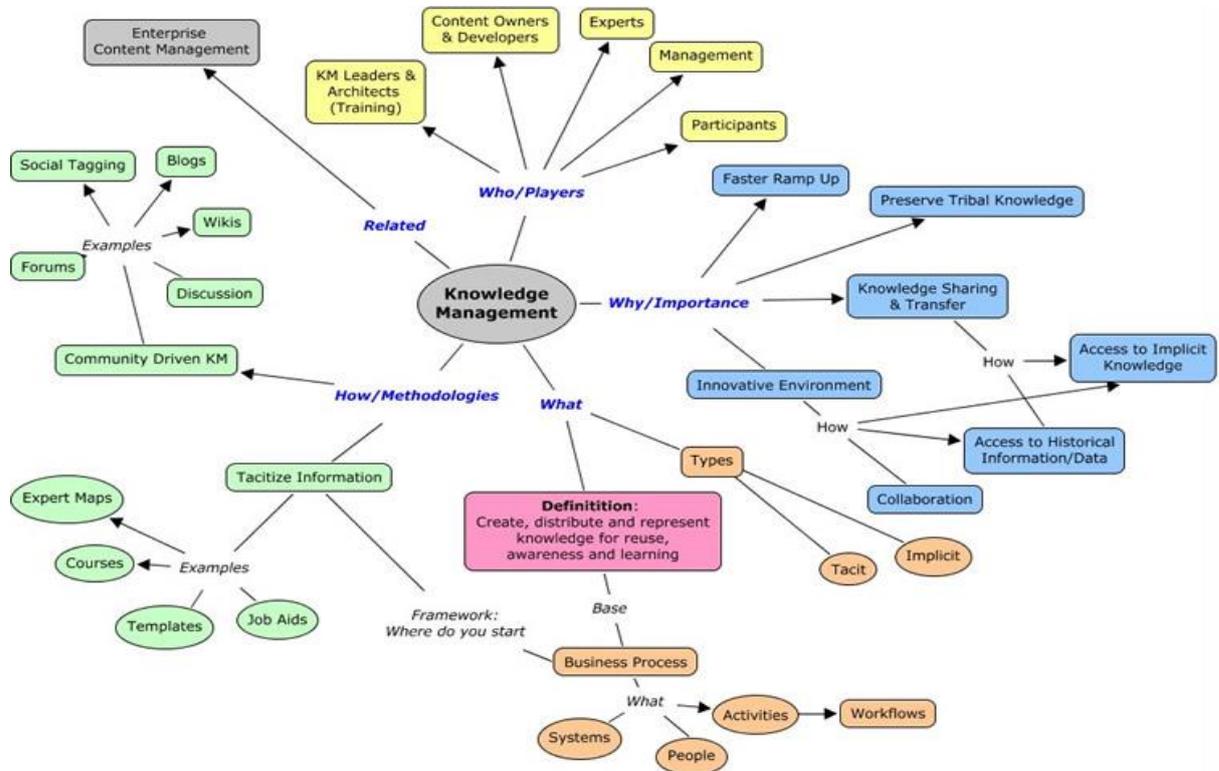
Why chose knowledge management?

Today, some see knowledge management as a choice. Today, those that work with knowledge very well are considered extraordinary.

Those that fail to understand knowledge management will consider it as 'extra effort' to our main work, or consider it a passing fad. They will risk 'throwing the baby out with the bathwater'.

Effective and extraordinary knowledge management, at all levels, for the individual, team, organisation and global community will naturally become mainstream and ordinary, as the only way to successfully develop and grow for the future

Knowledge Management



Helpful Websites:

<http://www.webopedia.com/TERM/M/MIS.html>

<http://smallbusiness.chron.com/management-information-system-useful-companies-63415.html>

<https://hbr.org/2010/01/a-better-way-to-manage-knowl>

http://www.providersedge.com/docs/km_articles/five_tips_to_reduce_knowledge_loss.pdf

<http://www.knowledge-management-tools.net/knowledge-creation.html>

http://infoscience.epfl.ch/record/151577/files/PaperGPREN_astucki.pdf

<http://www.allbusiness.com/transform-data-real-information-drives-decision-making-16096-1.html>

<http://www.referenceforbusiness.com/management/Log-Mar/Management-Information-Systems.html>