

Knowledge Auditing: An Activity-Based Method for Organizational Success

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Chapter 1: Introduction

WITH CONSTANT pressure on profit margins, knowledge – and the central role it plays in organizational execution – has never been more critical to the survival of an organization. Therefore, one of the first and most critical parts of a coherent knowledge management strategy is a robust audit of knowledge needs and knowledge assets that add to the value chain.

The business literature abounds with papers and books on knowledge audits, most of them well conceived, coherently articulated, and published in a broad array of media (from peer-reviewed journals to handbooks), and yet there is still doubt in the minds of many business people as to what exactly this achieves. Everyone ‘gets it’ that knowledge is a primary asset to the modern business, but auditing knowledge often seems either mundane or esoteric, and it is often done from a purely IT viewpoint.

The reason for management doubt over the value of knowledge audits may be partly that many approaches to knowledge audits are both broad and diffuse, or are predominantly technology-focused. In addition, audits may typically take several months and incur significant costs, only to deliver a document that is not put to any practical purpose. In brief, this report provides a perspective that focuses on knowledge as a part of a business value chain, and provides a practical approach to auditing knowledge needs as a means of achieving organizational goals. In particular, it seeks to reduce costs and increase

productivity by focusing on the knowledge needs of critical business processes, and provides outputs that management can put into effect immediately to improve hiring, align training to work, and increase productivity by reducing wasted time and mistakes in the value chain.

Several approaches to knowledge audits exist in terms of scope. Some audits attempt to be exhaustive and to create a comprehensive inventory of ‘what knowledge exists, who has it, where it is, how it moves, and how it is managed’.¹ This report offers an approach that focuses on only the knowledge required by an organization to achieve stated business objectives, and which can be shown to be part of a value chain stretching from worker to business objectives. In this way, we would need to look at knowledge assets that are *individually necessary*, and *collectively sufficient* to achieve business objectives.

Without losing sight of the organizational objectives, the audit process will examine workflows, activities, tasks, and the knowledge required by a worker to carry them out. Figure 1 (on the next page) represents the associated concept map of the deconstruction of the value chain from organizational objective to their source in the steps found within tasks.²

In a very real and practical sense, this report is about the essential knowledge that is required to support organizational goals and improve performance. It does so by guiding the reader backwards through the value

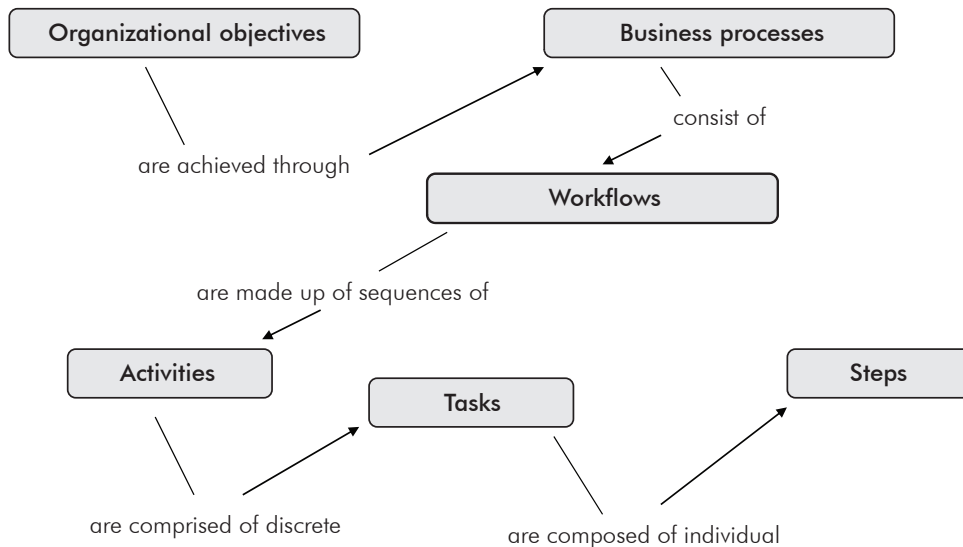


Figure 1: Deconstruction of achievement: Objectives to steps

chain, starting with the agreed organizational objectives, to the critical path of the business processes involved. The business processes will be examined by analyzing existing workflows, observing work in progress, and through interviews. Closer examination of the workflows will reveal the underlying activities involved, the tasks that the individual performs, and any steps within those tasks.

The first step in the audit process will be to introduce the process to senior management, to select a specific business objective as the target, and to examine the business processes that lead to the achievement of the selected objective. As such, having documented business processes (that are a true reflection of how the job is actually done) is important to being able to obtain the full value of the knowledge audit.

In order to address this milestone, interviews with management will attempt to identify and clarify:

- The chief objectives of the organization;
- The principle business processes required to achieve the objectives; and

- The activities that comprise the principle business processes.

By using the audit methodology described in this report, the reader can obtain the following three outputs:

1. A recruitment inventory to refine job descriptions and the selection processes;
2. A training inventory to make training more work-related; and
3. A knowledgebase inventory to provide job aids that improve on-the-job performance.

The primary return on investment (ROI) of the audit process lies in two areas:

1. Shorter ramp-up time for new hires or transferees – as measured from the time of initiation of the recruitment process to meaningful productivity on the job – resulting in lower costs and faster achievement of objectives; and
2. Improved operational capability as measured by the metrics in use for the business process selected, resulting in

better performance at lower cost through better use of knowledge.

This report will help the reader to trace how workers create value by putting knowledge to work in executing activities that make up the critical workflows required to achieve business objectives (see Figure 2).

A central theme of the audit process is to focus on the business value of the knowledge the individual puts to use and, while the process can be used in other situations, the emphasis is on knowledge that serves an agreed business objective. The audit methodology used in this report is activity-based rather than role-based, and utilizes analysis of the workflows the organization uses to achieve stated business goals.³

While surveys and questionnaires may be useful to gather some of the data required, the bulk of the information gathering would be carried out through

facilitated interviews with the stakeholders such as the responsible manager, the individual workers (hereinafter referred to as 'actors'), and the relevant subject matter experts (hereinafter referred to as 'SMEs'). In addition to these stakeholders, it will be necessary to have an executive sponsor who can form part of an escalation path.

Similar to Antonova and Gourova,⁴ a basic five-component audit process is recommended, with an emphasis on generating specific and actionable requirements for hiring, training, and the creation of job aids:

1. The knowledge audit plan: Composed of a project plan template (see Appendix 3), this report, and a communication plan (see Appendix 2).
2. The knowledge audit team: The appointed audit leader, manager of the department(s) involved, subject matter experts (SMEs), workers (actors), the

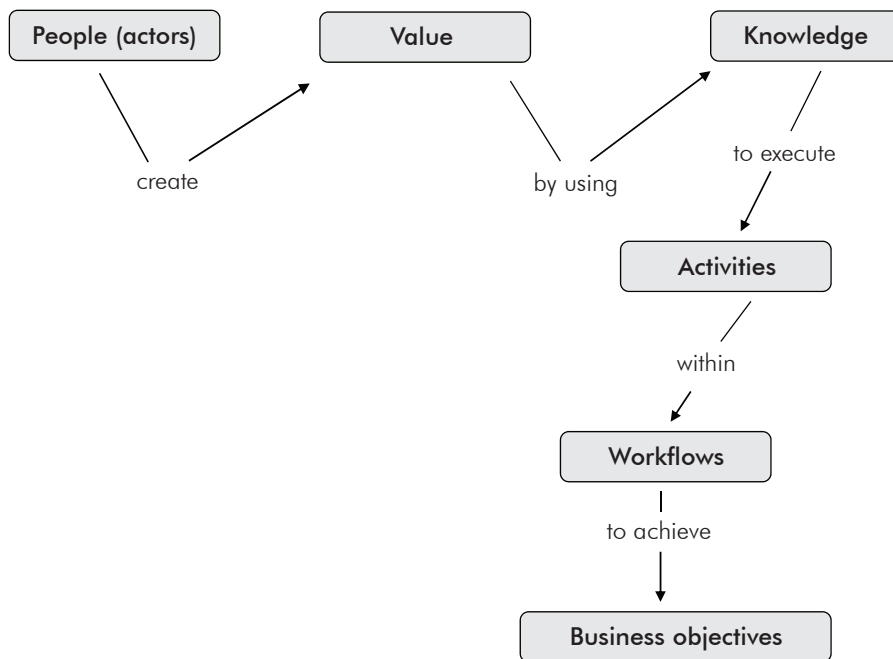


Figure 2: Deconstruction of achievement: Objectives to steps

executive sponsor, and administrative support members.

3. The knowledge audit methodology: The activity-based knowledge audit model outlined in the critical activity-based knowledge audit template.⁵
4. The knowledge audit interviews: Facilitated sessions with workers, SMEs, managers, and support staff.
5. The knowledge audit inventories, including the:
 - Recruitment knowledge inventory;
 - Training knowledge inventory; and
 - Job aid knowledge inventory.

Throughout the report, examples are provided to be simple and representative across a wide range of reader, and may draw on the industrial roots of workflow and knowledge management. However, it is important to stress that this in no way implies that the methodology is only of use in production-line settings or in factories. The same knowledge management auditing principles and methods will work just as well in other industries as wide ranging as a surgical environment, a human resources department, or an architect's office. Wherever there are processes and tasks that depend on knowledge and which serve an identified goal; the audit method can add value.

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