

Table of Contents

- 1. KnowBits
  - a. Knowledge Work Readiness Assessment
- 2. KnowldgWORKS News Number 13, Knowledge Work and Small Business

KnowBits

- a. Knowledge Work Readiness Assessment

In an effort to begin to articulate (in one place) some of the considerations that must be reviewed in creating a knowledge work effort, I have prepared a knowledge work readiness assessment. The assessment consists of approximately 100 yes-no questions that provide an indication of the risk in embarking upon a knowledge work effort. After answering the approximately 100 yes-no questions a graphical assessment of readiness is displayed. Readers of knowldgWORKS News and other interested parties are welcome to try the assessment. Suggestions, questions, and comments are always appreciated. The assessment can be accessed from <http://www.accsys-corp.com/useasseassessment.htm>.

Volume 1 Number 13  
Topic: People (Organizations)  
Knowledge Work and Small Business

One of the suggestions made by a knowldgWORKS News reader was to discuss knowledge work and small business. Looking across many of the available public case studies we observe that most of them are focused on large business efforts. Knowledge management tools can also be very expensive thus making it somewhat prohibitive for a small business to justify the purchase of an enterprise scale specialized knowledge management tool. To me there are really two questions. First, is it appropriate for small business to engage in the process of knowledge management? Second, if it is appropriate for a small business to engage in knowledge

management, then how does the small business do this? These two questions translate into at least three others for me.

First, do small businesses have intellectual capital? Second, if small businesses do have intellectual capital, are they able to recognize it? Lastly, given that a small business has and can identify intellectual capital, how is it managing that intellectual capital?

I would almost be accurate 99% of the time if I said that small businesses do have some sort of intellectual capital. Consider a house painting business. What intellectual capital might this business have? We can think of many different kinds. For example, here is a possible list.

1. How to get the most out of a gallon of paint. (increases profits, reduces painting time)
2. How to clean brushes so that they last a long time. (increases profits)
3. How to encourage repeat customers. (business growth)
4. How to minimize impact on the people living in the house being painted. (good customer management)
5. How to develop efficient techniques for painting. (increases profits, reduces painting time)
6. How to maximize painting profits. (increases profits)
7. Painting inventions.

These are examples of the potential kinds of a painting business's intellectual capital. How many painters do you know who are aware of and actively managing their intellectual capital?

Suppose that our hypothetical painting business hires people to paint on a continual basis. Those hired tend to be highly transient and have a very high rate of turnover - perhaps as much as 50% per month. The owner of the painting business knows that a single job could use as much as twice the paint and supplies if knowledge about efficient painting is not transferred to new employees before they begin their first painting assignment. In this case, lack of knowledge transfer translates into a 15% reduction in overall profit for a particular painting job. Therefore, the value of this intellectual capital is, at a minimum, 15% of any painting job. If the inefficient use of painting resources also extends the time required to complete a painting job, then the 15% reduction in profits would represent a minimum estimate of the value of the intellectual capital. In order for the painting business owner to transfer knowledge, she must invest time to train new help. This training would result in

a one-time loss of 5% of overall productivity, and would be repaid as soon as a new employee was brought on and trained by avoiding the 15% loss. The cost of apprenticeship is a knowledge management cost for transferring knowledge.

The painting business owner must determine the best way to transfer her knowledge to new employees. She has gained the experience of painting efficiently over many years of painting and has never thought much about articulating her experience. For the most part she has usually explained to her new workers her methods and process. In doing this she has become very adept at transferring her skills to the new employees. She has experienced some degree of success and can achieve an improvement in profitability.

However, the majority of her employees seem to forget what they learned over time. The owner, therefore, has determined that her methods of knowledge transfer need to be improved. There are different approaches for her to achieve this but she understands that she must capture this specialized knowledge in such a way as to be able to convey it to her employees. Currently, as performance falls off, the owner will go around to the various job sites and remind the employees of her methods. This is a constant effort on her part and also reduces her ability to participate in jobs. Employees are not encouraged to maintain efficiency or to think of ways to improve efficiency and quality (add value to the transferred knowledge).

In an attempt to address these issues, the owner documents her methods in an instruction manual to provide the knowledge her employees need independent of her presence. Employees are motivated to maintain use of the knowledge by sharing in the profitability of the company. Lastly, employees are rewarded when they work out process improvements.

Now, the owner has captured knowledge that she will be able to share with other painting businesses. She can demonstrate benefits of her system in terms of supplies used and cost incurred. She can leverage her intellectual capital by making it available to other painting businesses. She can use the knowledge in a training program for other painting business owners. As her incentives to employees to add value to the methods she has conveyed bring results, she is able to create a specialized line of painting products (new inventions) to help painters be more efficient and less wasteful. All of this results in substantial growth for her business.

The question of whether knowledge management is appropriate for small business is answered by this example. The value of the business owner's specialized knowledge "makes" her business. Capturing, organizing, and sharing knowledge makes more effective use of the knowledge assets. Determining ways to reuse the knowledge assets creates greater value for the assets.

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Next week's issue: Should IT Do KM?

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