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Apply the principles of ethics to improve organisational culture

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Apply the principles of knowledge management

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ASSESSMENT CRITERIA

Apply the principles of ethics to improve organisational culture 252042

SPECIFIC OUTCOME 1 - 4

- Understand the Relationship between Values, Ethics and Organisational Culture
- Apply the Concept of Corporate Ethics to a Unit
- Analyse a unit in relation to the principles of corporate ethics.
- Strengthen Shared Organisational Values and Ethical Practices

UNDERSTAND THE RELATIONSHIP BETWEEN VALUES, ETHICS AND ORGANISATIONAL CULTURE

UNDERSTANDING THE RELATIONSHIP BETWEEN VALUES, ETHICS AND ORGANISATIONAL CULTURE

In every society, there are informal and formal rules for social behaviour, i.e. social etiquette or rules which govern what is acceptable and unacceptable behaviour. These rules and regulations arise from an innate sense of "morality" in each human being and each human community. We refer to this sense of morality as "ethics". In other words, our codes of behaviour arise from our ethics: our sense of what is "right "and "wrong".

Similarly, in a working environment, where hundreds of people interact on a daily basis, with one another and with others from the community, it is important to have certain regulations for social and professional behaviour, or "codes of conduct".

In this Module, we will investigate the relationship between values, ethics and organisational culture.

RELATIONSHIP BETWEEN PERSONAL VALUES, ORGANISATIONAL ETHICS AND ORGANISATIONAL CULTURE

R. Solomon, in Ethics and Excellence: Co-operation and Integrity in Business, says "Human communities are 'essentially units of morality' and the ethicality of an organisation will be judged by how well it relates within its own or the host community. In this respect, an organisation can be compared to a citizen. It has no real identity without being part of a wider community, and subsequently, this places the social responsibility to act ethically directly on an organisation."

An organisation does not function independently of people. People determine the values and culture of the organisation and people determine whether they can identify with the values the organisation appears to stand for. It is, therefore, the behaviour of the organisation, as a whole, that ultimately determines whether it will maintain or lose the support of the societies in which it operates.

Peter Pruzan in his paper entitled "Individual Well-Being, Social Cohesion and Globalisation" reminds us that it is individuals alone who have capabilities for reasoning, forming values and making informed decisions, not the "organisation" as an inanimate entity. However, members of an organisation accept that its leaders have the right, on behalf of the whole organisation, to define the values and vision of the 'organisation'. Although as an individual employee, I have my perceptions, evaluations, motivations, I accept that others are vested with the authority to make decisions on behalf of the organisation as a whole which can affect me and that it is a condition for my relationship with the organisation that I support (or at least do not act in opposition to) the 'company values'. This is fundamental to virtually all notions of bureaucracy, hierarchy, control and management.

Pruzan goes on to say that not only do the employees accept that 'our company' has an identity based on these shared values, but other major stakeholders may also choose to judge the company based on these values. Consumers may choose to take the values into account when making purchasing decisions, and financial institutions may use these values as important criteria when making decisions to provide credit.

Therefore, Pruzan argues, it is meaningful to speak of such concepts as corporate goals, visions and values even though this is in conflict with an underlying assumption that only individuals have consciousness.

According to Pruzan, management is in a unique position, as management has the responsibility for promoting the values of *all* the organisation's stakeholders, both internal and external. In other words, management has a *social responsibility* which extends beyond maximising the profits for the shareholders. Management has a responsibility to provide service to all the organisation's stakeholders, including shareholders, employees, customers and the community in which the business operates.

Organisational culture

An organisation’s culture usually begins with a founder who ascribes to and implements particular ideas and values as a vision or business strategy. This provides members of the organisation with a sense of organisational identity and encourages a commitment to beliefs and values that are larger than themselves.

Organisational culture can, therefore, be defined as “a set of values, norms guiding beliefs and understandings that are shared by members of an organisation and taught to new members as for correct”.

An organisation’s culture is evident in the behaviour and day-to-day working relationships of employees and determines how people communicate within the organisation and with customers, what behaviour is acceptable or not acceptable, and how power and status are allocated.

Some of the ways culture is established in an organisation are:

- **Organisational stories** – these are narratives based on true events that are frequently shared among organisational employees and told to new employees to inform them about an organisation's history; stories about heroes, legends and myths.
- **Organisational symbols** – a symbol is something that represents another thing. Ultimately, ceremonies, symbols, stories, slogans and rites are all symbols. They symbolise the deeper values of an organisation.
- **Organisational language** – many companies use a specific saying, slogan, metaphor or another form of language, such as company-specific jargon, to convey special meaning to employees.

Personal values

A value is something which we esteem, hold in high regard, believe is important.

"Values represent basic convictions that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence. They contain a judgmental element in that they carry an individual's ideas about what is right, good, or desirable.

When we rank an individual's values in terms of their intensity, we obtain that person's **value system**. All of us have a **hierarchy of values** that form our value system. This system is identified by the relative importance we assign to such values as freedom, pleasure, self-respect, honesty, obedience and equality." For example, if my values are respect, fairness and excellence, my behaviour will be based on those values and I will:

- Respect me and others
- Treat others with fairness
- Strive for excellence

THE IMPORTANCE OF VALUES IN THE ORGANISATION

According to Robbins (p 174), values are important to the study of organisational behaviour**,** because they "lay the foundation for the understanding of attitudes and motivation and because they influence our perceptions, our attitudes and behaviour." If our values are not aligned with the prevailing culture within the organisation, we can experience job dissatisfaction and lack of motivation.

When staff buy in to and pursue the mission and vision of the organisation, their behaviours and practices will reflect the values of the organisation. Let's say the stated values of the organisation are also respect, fairness and excellence. Then staff behaviour will be characterised by:

- Respect for others, i.e.
  - acknowledgement of cultural, gender and occupational differences
  - professional and ethical behaviour
  - consultation with staff on issues which have an impact on their work or career
  - treating others at all times with dignity
- Fairness, i.e.
  - consistent and fair treatment of staff in similar circumstances
  - clear and consistent application of merit principles in recruitment and advancement
  - the belief that everyone has a right to be heard
- Excellence, i.e.
  - excellence is rewarded
  - staff are encouraged to learn and to develop
  - success is affirmed and celebrated
  - staff are encouraged to provide high-quality service and to achieve continuous improvement

We have seen that employees are expected to support (or, at the very least, not oppose) organisational values no matter what their own personal values. According to Pruzan, if worker Smith leaves the firm and is replaced by worker Jones, it makes no sense to speak of a new stakeholder with a new set of values. The employee group is constituted based on its shared values, and worker Jones learns these new set of values in order to fit in.

Organisational ethics

A code of ethics fulfils many purposes within an organisation. A code of ethics increases ethical sensitivity and judgement strengthens support for individuals' moral courage and helps to form an organisation's sense of identity.

Therefore, it is not surprising to find so much variety in codes of ethics. Codes of ethics are written by specific groups of people for specific groups of people, each group having its own purpose for existence and its own means of accomplishing its purpose. Consequently, each group encounters a unique set of ethical challenges.

"Codes of ethics are reflections of the morally permissible standards of conduct which members of a group make binding upon themselves." These standards of conduct often reach beyond or delve deeper into societal morality in order to give guidance to people within a group on issues that are specific to the group. They give guidance on how one is to act as a morally responsible representative of the group when situations require an element of compromise between principles.

For example, the code of engineers contains a commitment to public safety when acting as a professional engineer. Likewise, codes of the healthcare professions place a similar priority on a commitment to upholding the dignity of, respect for, and responsibility to the individual patient/ client. Both the engineering professions and healthcare professions are deeply concerned with the health and welfare of individuals and the public, yet the differences in the focus of their codes of ethics reflect the differences in the challenges that engineers and healthcare workers face while attempting to address this concern.

Because different groups are composed of different people with different purposes having different means of accomplishing differing ends, priorities specific to one group may seem incompatible with those of another group. For instance, in the above examples, engineering professions tend to place greater importance on engineers' responsibility to society, while healthcare professions tend to place greater importance on the responsibility to the individuals within the society.

The reason for this difference in priorities is not that engineers do not care about individuals. or that healthcare professionals do not care about society. The difference occurs because the tasks of engineers often directly involve the improvement of conditions of society; in contrast, the tasks of healthcare professionals directly involve the improvement of the condition of individuals. Therefore, the types of activities engaged in by members of the group determine the purpose and focus of its code of ethics and, consequently, code of behaviour.

'**Beliefs, vision and values** are at the top of a hierarchy of organisational features which need to be in place if lower levels of organisational activity are to be done well. Without these foundations, serious inconsistencies between policies and real-life practice can and do arise'

Each section/ business unit/ department has its own code of conduct which is particularly designed to suit the organisation's image. In fact, organisational structure and communication channels are often determined by the code of conduct in sections.

If companies have rigid codes of conduct, the organisational structure gets created to accommodate the strict standards. Autocratic leadership styles emerge, and communication is restricted to top-down. People follow the rule book rigidly and can work and thrive only in pre-set working conditions. Creativity is limited, but discipline and regularity are maintained.

When companies have liberal codes of conduct with limited rules and regulations, these organisations often have democratic leaders, flexible work processes and open communication. Creative freedom of employees may be encouraged, and people are open to change.

However, without some sort of formalised code of conduct, organisations generally cannot operate smoothly. Therefore, organisations will have documented codes of conduct, which are handed over to employees at induction, while informal codes of conduct are passed through the informal channels of communication within the organisation.

Codes of conduct can cover a wide range of behaviours:

- Dress code
- Disclosure of salaries
- Team-related behaviour
- Freelancing during free time
- Use of office resources for personal work
- Travel during work hours
- Social interaction during work hours

The framework of codes of conduct set standards for good behaviour and create a healthy working environment for all employees.

A code of conduct is most successful when it is **internalised**: this takes place when the desired behaviour is adopted because it coincides with the person’s own value system. The content of the behaviour is intrinsically rewarding to the person him/herself and 'is inherently conducive to the maximisation of his/her own values'.

In the case of **'internalisation'**, however, the influence of an external source can be very important; especially where certain behaviour is recommended by an 'expert' and that recommendation is consistent with personal values. Internalisation contrasts with **compliance**, which has to do with adopting a particular behaviour in the hope of achieving a favourable reaction from others and **identification**, which has to do adopting behaviour because it is customary in the group

CONFLICTS BETWEEN PERSONAL VALUES AND ORGANISATIONAL VALUES AND ETHICAL CODES

A survey of listed companies conducted in 2002 by The Ethics Institute of South Africa found that:

- 24% of companies do not have a Code of Conduct- despite this being a requirement when listing on the JSE Securities Exchange
- The majority of companies do not yet meet international corporate social responsibility standards
- 76.8% of senior managers said they had a code of ethics
- Only 66.7% of employees knew they had a code of ethics
- Only 75% of employees at companies with ethics codes had been given a copy

Every employee in an organisation has his or her own value system, and that influences his/her attitude, level of motivation and behaviour. The employee's attitude will, therefore, determine his/her level of job satisfaction, involvement and organisational commitment. Each employee also has certain responsibilities towards the organisation, such as:

- Being totally honest when filling in expense accounts
- Not calling in sick in order to attend to personal business
- Not accepting bribes
- Not misusing organisational resources, such as time, equipment, etc. for personal business use
- Respecting the organisation's intellectual property rights

"It is possible that poor communication leads to insufficient belief in a company's stated values, which, in turn, contributes to unethical conduct, such as theft."

IMPACT OF ORGANISATIONAL VALUES AND CULTURE ON THE ORGANISATION'S TRIPLE BOTTOM LINE

The triple bottom line is an amalgam of financial results and an assessment of the social and environmental impacts of a business; or, put another way: People, Planet and Profits.

The triple bottom line (abbreviated as "TBL" or "3BL", and also known as "people, planet, profit" or "the three pillars") captures an expanded spectrum of values and criteria for measuring organisational (and societal) success: economic, ecological and social.

Source: http://en.wikipedia.org/wiki/Triple_bottom_line

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is defined by the World Bank Group as "the commitment of businesses to contribute to sustainable economic development by working with employees, their families, the local community and society at large to improve their lives in ways that are good for business and for development."

A business's success is measured in how good it is in creating measurable gains for business and society.

Business must use its assets to help assure economic prosperity and a just and sustainable world.

In 2005 we witnessed the South Asian Tsunami and Pakistan earthquake relief efforts as a strong illustration of the fact that CSR values are winning over entrepreneurs throughout the globe. The tsunami catastrophe, in particular, ignited a business response on an unprecedented scale.

Management, who are the policymakers of an organisation faces a new challenge in society today. Besides attracting flows of investment and guiding corporate conduct, they are expected to show their commitment to alleviating poverty in the communities in which they operate.

Attracting foreign investment by multinational corporations into developing countries has been a key part of the global strategy for economic growth and poverty reduction for many years now. Overall the results of this investment have been disappointing.

Corruption, mismanagement and short-sighted regulatory frameworks have all taken their toll.

However, there is renewed hope that the private sector can play an increasingly significant role in helping to alleviate poverty. As policymakers and corporate chiefs learn from the mistakes of the past and commit themselves to better corporate governance and corporate social responsibility, the prospects for the future brighten.

Moreover, businesses are recognising that if they modify their approach and create the right business models, investments in the poorest communities have the potential to be highly profitable.

APPLY THE CONCEPT OF CORPORATE ETHICS TO A UNIT

> *"Ethical business is a hot topic these days. Every week new corporate scandals are reported at the highest level of management-from insider trading to false accounting. No wonder that businesses are beginning to focus on ethical leadership.*
>
> *South Africa has begun the difficult task of improving ethical standards in our corporate and political arena. This requires directors to broaden their traditional focus on profits and to include an accounting of their company's involvement in social and environmental issues."*

EXPLAIN THE IMPERATIVES FOR ETHICAL CONDUCT IN SOUTH AFRICAN ORGANISATIONS

We saw in the previous Module that each and every employee of an organisation is expected to be committed to organisational values and code of ethics. However, every organisation is expected to align its code of ethics to the laws and regulations of the country.

Relevant documents include South Africa's Constitution, the King Report, PFMA, the principles of Batho Pele, as well as acts, regulations and codes governing the sector or specific industry.

South Africa's Constitution

The South African Constitution, signed into law on 10 December 1996, lays the foundations for a democratic and open society in which government is based on the will of the people and all people in the country are equally protected by law. The Constitution is the overriding dominant legislation in South Africa which the state and all people must respect, protect, promote and fulfil.

Chapter 2 of the Constitution enshrines the rights of all people in the country and affirms the democratic values of human dignity, equality and freedom in the form of a Bill of Rights. This important legislation lays the foundation for ethics (i.e. moral principles, treatment of moral questions) in South Africa.

Each organisation should demonstrate its commitment to its code of ethics by:

- creating systems and procedures to introduce, monitor and enforce its ethical code
- assigning high-level individuals to oversee compliance with the ethical code
- assessing the integrity of new appointees in the selection and promotion procedures
- exercising due care in delegating discretionary authority

- communicating with, and training, all employees regarding enterprise values, standards and compliance procedures
- providing, monitoring and auditing safe systems for reporting of unethical or risky behaviour
- enforcing appropriate discipline with consistency
- responding to offences and preventing re-occurrence

Disclosure should be made of adherence to the organisation's code of ethics against the above criteria. The disclosure should include a statement as to the extent the directors believe the ethical standards and the above criteria are being met. If this is considered inadequate, there should be further disclosure of how the desired end result will be achieved.

Organisations should strongly consider their dealings with individuals or entities not demonstrating the same level of commitment to organisational integrity

The King Reports

The Institute of Directors (IOD) established the King Committee on Corporate Governance, which compiled the King I report in 1994, followed by the King II report in 2000 and the King III report on 1 September 2009.

King II includes recommendations on a code of conduct which is the generally accepted code of conduct in South Africa.

"Reasons for the interest in ethics include the following:

- The strong emphasis on corporate governance-particularly following the Cadbury report in Britain and the King report in South Africa. The responsibilities of the board, its chairperson and chief executive- together with management as such -have received unusual attention during the past five years. Thence the ethical codes that began making their appearance in several companies.

- The strong focus on leadership rather than mere management. And, with that, the focus on issues such as motivational vision, core values and virtues like integrity and trustworthiness. It is today generally accepted that management skills are not enough. Especially needed is visionary, management of values. No company of note will today fail to give attention to the values it would like to see institutionalised within itself."

The King II report makes recommendations for more stringent corporate governance, and duties of directors of all companies in South Africa and this includes important recommendations on business ethics. King II was considered the generally accepted code of conduct in South Africa but has now been replaced by King III.

King III Report

The release of the **King III report** on 1 September 2009 represents a significant milestone in the evolution of **corporate governance** in South Africa.

King III has broadened the scope of **corporate governance** in South Africa with its core philosophy revolving around leadership, sustainability and corporate citizenship.

The key principles are:

- Good governance is essentially about effective leadership. Leaders need to define strategy, provide direction and establish the ethics and values that will influence and guide practices and behaviour with regard to sustainability performance.

- Sustainability is now the primary moral and economic imperative, and it is one of the most important sources of both opportunities and risks for businesses. Nature, society, and business are interconnected in complex ways that need to be understood by decision makers. Incremental changes towards sustainability are not sufficient – there needs to be a fundamental shift in the way companies and directors act and organise themselves.

- Innovation, fairness, and collaboration are key aspects of any transition to sustainability – innovation provides new ways of doing things, including profitable responses to sustainability. Fairness is vital because social injustice is unsustainable and collaboration is often a prerequisite for large-scale change.

- Social transformation and redress is important and needs to be integrated into the broader transition to sustainability. Integrating sustainability and social transformation in a strategic and coherent manner will give rise to greater opportunities, efficiencies, and benefits, for both the company and society.

- King II required companies to implement sustainability reporting as a core aspect of **corporate governance**. Since 2002, sustainability reporting has become a widely accepted practice, and South Africa is an emerging market leader in the field.

PFMA

The Public Finance Management Act of 1999 (PFMA) is a key element in a set of reforms to the management of government finances.

The Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) (as amended by Act No. 29 of 1999) is one of the most important pieces of legislation passed by the first democratic government in South Africa. The Act promotes the objective of good financial management in order to maximise service delivery through the effective and efficient use of the limited resources.

The key objectives of the Act may be summarised as being to:

- Modernise the system of financial management in the public sector;
- Enable public sector managers to manage, but at the same time be held more accountable;
- Ensure the timely provision of quality information; and
- Eliminate the waste and corruption in the use of public assets.

The Act, which came into effect from 1 April 2000, gives effect to sections 213 and 215 to 219 of The Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) for the national and provincial spheres of government. These sections require national legislation to establish a national treasury, to introduce uniform treasury norms and standards, to prescribe measures to ensure transparency and expenditure control in all spheres of government and to set the operational procedures for borrowing, guarantees, procurement and oversight over the various national and provincial revenue funds.

The PFMA adopts an approach to financial management, which focuses on outputs and responsibilities rather than the rule driven approach of the previous Exchequer Acts. The Act is part of a broader strategy for improving financial management in the public sector.

The objective of the Act is to enable managers in the public sector to manage while being accountable for the use of the resources made available to them.

The long-term vision behind the Act sees a public sector that has:

- Sound financial systems and processes, producing the necessary information to managers
- Transparent budgeting processes
- Effective management of revenue, expenditure, assets and liabilities
- Unqualified consolidated financial statements, prepared on the accrual basis

PFMA Principles

The PFMA adopts an approach that focuses on responsibilities and outcomes. The underlying principles of the Act are:

- Let managers manage, but hold them accountable
- Introduce a broad view of financial management including the management of revenue, expenditure, assets and liabilities
- Focus on outputs that relate to policy priorities
- Establish good systems for financial control

PFMA Regulations

The Treasury Regulations provide details about what the Act specifies. Government and governmental entities will have greater flexibility and accountability for managing their finances.

These regulations outline the need for the following:

- Strong internal control which includes risk management (focusing on areas of risk such as drug supply) and fraud management
- Financial planning
- In-year (throughout the financial year) management and monitoring
- Reporting and accountability

PFMA Rules

These Treasury Regulations set out the various reports that are necessary so that national and provincial government can be accountable for the resources they receive. The reports are outlined below:

Strategic Plan

- National and provincial government must submit a strategic plan for the next financial year before June of each year.
- The national and provincial government must report every quarter on their progress towards meeting their goals.
- Information on performance must be included in the annual report.

Financial Performance Reports

- Every month national and provincial government must report on financial performance and must include information about the following:
    - Cash management performance
    - Expenditure against budget
    - Revenue against target
    - Projected expenditure and revenue
    - Variances between planned and real targets and actions
    - Uncleared items (items not allocated to the correct cost centre).
- Every quarter (every three months), the national and provincial government must report on all transfer payments done.
- Annually or once a year the following documents are needed:
    - Annual financial statements of expenditure and revenue (within two months of the closing of the financial year). These must be audited by the Auditor General's office.
    - Information on efficiency, equity, effectiveness and economy.
    - Transfer payments and compliance to transfer agreements.
    - Report on write-offs and losses.
    - Report on expenditure that is unauthorised, irregular or fruitless and wasteful.
    - Report on disciplinary actions related to misconduct and fraud.

In addition, the annual report should comment on the effectiveness of internal control, as well as the quality of in-year management

The principles of Batho Pele

Batho Pele is Sesotho meaning People First. It is the name of the government's programme for transforming its public service delivery from an inefficient bureaucracy with a focus on rules to a culture of customer care, in which the needs of all the citizens of South Africa are truly served irrespective of their race, gender or creed.

This programme is set out in the White Paper on Transforming Public Service Delivery (Government Gazette No. 18340 dated 1 October 1997). A guiding principle of the public service in South Africa will be that of service to the people. Batho Pele seeks to do this by calling on Public Sector organisations to deliver responsive, quality services according to 8 national principles referred to as the Batho Pele Principles.

These principles are aligned with the Constitutional ideals of:

- Promoting and maintaining high standards of professional ethics;
- Providing service impartially, fairly, equitably and without bias;
- Utilising resources efficiently and effectively;
- Responding to people's needs; the citizens are encouraged to participate in policy-making; and
- Rendering an accountable, transparent, and development-oriented public administration

Simply stated, *Batho Pele* is an initiative to get public servants to:

- be service orientated
- to strive for excellence in service delivery
- to commit to continuous service delivery improvement.

It is a simple, transparent mechanism, which allows customers to hold public servants accountable for the type of services they deliver.

The *Batho Pele* White Paper signalled very strongly government's intention to adopt a citizen-orientated approach to service delivery, informed by the eight principles of:

1. **Consultation**: Citizens should be consulted about the level and quality of the public service they receive and wherever possible should be given a choice about the services that are offered.
2. **Service** Standards: Citizens should be told what level and quality of public services they will receive so that they are aware of what to expect.
3. **Access**: All citizens should have equal access to the services to which they are entitled.
4. **Courtesy**: Citizens should be treated with courtesy and consideration.
5. **Information**: Citizens should be given full, accurate information about the public services that they are entitled to receive.
6. **Openness and Transparency**: Citizens should be told how national and provincial departments are run, how much they cost and who is in charge.
7. **Redress**: If the promised standard of service is not delivered, citizens should be offered an apology, a full explanation, a speedy and effective remedy; and when complaints are made, citizens should receive a sympathetic, positive response.
8. **Value for money**: Public services should be provided economically and efficiently in order to give citizens the best possible value for money.

Batho Pele should not be construed as a separate or extra management exercise that needs to be attended to on an annual basis. It needs to be embraced as an integral part of all management activities to ensure that every management process is aimed at improved service delivery and customer satisfaction.

The Batho Pele policy remains government's single most important campaign to achieve the necessary transformation of the hearts and minds of public servants and to put the citizen at the centre of planning and operations.

Every person who works in the public service should be proud to be a servant of the people and relish the challenge of providing improved services to all. Batho Pele is the soul of the public service and the heartbeat of the nation that will help us rise above the legacies of the past and drive us forward with courage and pride.

The Batho Pele Revitalisation Strategy represents a framework within which efforts to intensify the Batho Pele campaign could be structured. It is supported by four pillars, namely:

- Re-engineering and improving the back-office operations of government
- Re-engineering and improving the front-office operations of government
- Internal communication
- External communication

Each of these pillars is unpacked below:

- **Re-engineering and improving the back-office operations of government:**

This includes efforts to improve systems, work processes and institutional structures, which collectively make service delivery possible. Typical examples of re-engineering and improving back-office operations are:

- introducing effective performance management systems;
- revising organisational structures to support work objectives;
- re-organising work processes to use staff optimally and minimise inefficiencies;
- utilising appropriate forms of technology; and
- improving conditions of service.

Back-office operations often constitute the core of the machinery of service delivery. If they are ineffective or poor, the quality of services experienced by consumers is compromised. Although the consumer generally does not see these operations and is largely unaware of them, they are key to shaping and sustaining the nature and extent of the services citizens eventually receive. They represent the macro organisational issues that ultimately make service delivery improvement possible.

- **Re-engineering and improving the front-office operations of government**

This is the actual interface between the public service and citizens. This is the "face" of government citizens see and very largely determines their opinions of government. Typical examples of these operations are:

- accessing health services at a clinic or hospital;
- obtaining passports, birth certificates or ID documents;
- applying for a housing subsidy, and
- admitting children to school and interacting with teachers and school authorities.

These operations are very visible and are mostly supported by back-office operations.

Customer satisfaction cannot be achieved without good internal and external communications

- **Internal communication**

This involves efforts to promote communication within government about service delivery transformation and about the critical role that public servants play in the lives of citizens. The purpose of internal communication is to instil a greater sense of pride and even patriotism in public servants and to lift their morale. Good internal communication can build a strong organisational culture of customer service, promote a sense of belonging and a common purpose and make people proud to serve their country by serving their fellow countrymen and women.

- **External communication**

The purpose of external communication is to find out what end-users need and expect in terms of service delivery and, once the services have been defined, to inform them what services are available to them and what their rights and obligations are in accessing public services. External communication is a two-way process. It involves listening to stakeholders, on the one hand, and providing them with useful information, on the other. It helps to build constructive relationships that will support the process of improving service delivery.

Acts, Regulations and Codes Governing the Sector or Specific Industry

As an example of Sector-specific Acts, Regulations and Codes, we will look at the document that was used to introduce the Public-Sector Code of Conduct for Public Servants. This document summarises the main principles contained in the code of conduct:

In this document (Chapter 2 of the new Public Service Regulations, July 01, 1999), any word or expression to which a meaning has been assigned in the Act, bears the meaning so assigned thereto, and "this Act" means the Public Service Act, 1994, and the regulations issued in terms thereof.

1. Purpose

In order to give practical effect to the relevant constitutional provisions relating to the Public Service, all employees are expected to comply with the Code of Conduct ('the Code') provided for in this Chapter.

The Code should act as a guideline for employees as to what is expected of them from an ethical point of view, both in their individual conduct and in their relationship with others. Compliance with the Code can be expected to enhance professionalism and help to ensure confidence in the Public Service.

2. Introduction

The need exists to provide guidelines to employees with regard to their relationship with the legislature, political and executive office-bearers, other employees and the public and to indicate the spirit in which employees should perform their duties, what should be done to avoid conflicts of interests and what is expected of them in terms of their personal conduct in public and private life.

Although the Code of Conduct was drafted to be as comprehensive as possible, it does not provide a detailed standard of conduct. Heads of department are, in terms of section 7(3)(b) of the Act, inter alia responsible for the efficient management and administration of their departments and the maintenance of discipline. They may, therefore after the matter has been consulted in the appropriate Chamber of the Public Service Bargaining Council, and without derogating from it, supplement the Code of Conduct provided for in this Chapter in order to provide for their unique circumstances. Heads of department should also ensure that their staff are acquainted with these measures, and that they accept and abide by them.

The primary purpose of the Code is a positive one, viz. to promote exemplary conduct. Notwithstanding this, an employee shall be guilty of misconduct in terms of Section 20 (t) of the Public Service Act, 1994, and may be dealt with in accordance with the relevant sections of the Act if he or she contravenes any provision of the Code of Conduct or fails to comply with any provision thereof.

3. THE CODE OF CONDUCT

1. Relationship with the Legislature and the Executive

   An employee -

1.1. is faithful to the Republic and honours the Constitution and abides thereby in the execution of his or her daily tasks;

1.2. puts the public interest first in the execution of his or her duties;

1.3. loyally executes the policies of the Government of the day in the performance of his or her official duties as contained in all statutory and other prescripts;

1.4. strives to be familiar with and abides by all statutory and other instructions applicable to his or her conduct and duties; and

1.5. co-operates with public institutions established under legislation and the Constitution in promoting the public interest.

2. Relationship with the Public

An employee -

2.1. promotes the unity and well-being of the South African nation in performing his or her official duties;

2.2. will serve the public in an unbiased and impartial manner in order to create confidence in the Public Service;

2.3. is polite, helpful and reasonably accessible in his or her dealings with the public, at all times treating members of the public as customers who are entitled to receive high standards of service;

2.4. has to regard for the circumstances and concerns of the public in performing his or her official duties and in the making of decisions affecting them;

2.5. is committed through timely service to the development and upliftment of all South Africans;

2.6. does not unfairly discriminate against any member of the public on account of race, gender, ethnic or social origin, colour, sexual orientation, age, disability, religion, political persuasion, conscience, belief, culture or language;

2.7. does not abuse his or her position in the Public Service to promote or prejudice the interest of any political party or interest group;

2.8. respects and protects every person's dignity and his or her rights as contained in the constitution; and

2.9. recognises the public's right of access to information, excluding information that is specifically protected by law.

3. Relationship among Employee

An employee -

3.1. co-operates fully with other employees to advance the public interest;

3.2. executes all reasonable instructions by persons officially assigned to give them, provided these are not contrary to the provisions of the Constitution and/or any other law;

3.3. refrains from favouring relatives and friends in work-related activities and never abuses his or her authority or influences another employee, nor is influenced to abuse his or her authority;

3.4. uses the appropriate channels to air his or her grievances or to direct representations;

3.5. is committed to the optimal development, motivation and utilisation of his or her staff and the promotion of sound labour and interpersonal relations;

3.6. deals fairly, professionally and equitably with other employees, irrespective of race, gender, ethnic or social origin, colour, sexual orientation, age, disability, religion, political persuasion, conscience, belief, culture or language; and

3.7. refrains from party political activities in the workplace.

4. Performance of Duties

An employee -

1.1. strives to achieve the objectives of his or her institution cost-effectively and in the public's interest;

1.2. is creative in thought and in the execution of his or her duties, seeks innovative ways to solve problems and enhances effectiveness and efficiency within the context of the law;

1.3. is punctual in the execution of his or her duties;

1.4. executes his or her duties in a professional and competent manner;

1.5. does not engage in any transaction or action that is in conflict with or infringes on the execution of his or her official duties;

1.6. will excuse himself or herself from any official action or decision-making process which may result in an improper personal gain, and this should be properly declared by the employee;

1.7. accepts the responsibility to avail himself or herself of ongoing training and self-development throughout his or her career;

1.8. is honest and accountable in dealing with public funds and uses the Public service=s property and other resources effectively, efficiently, and only for authorised official purposes;

1.9. promotes sound, efficient, effective, transparent and accountable administration;

1.10. in the course of his or her official duties shall report to the appropriate authorities, fraud, corruption, nepotism, mal-administration and any other act which constitutes an offence, or which is prejudicial to the public interest;

1.11. gives honest and impartial advice, based on all available relevant information, to a higher authority when asked for the assistance of this kind; and

1.12. honours the confidentiality of matters, documents and discussions, classified or implied as being confidential or secret.

2. Personal Conduct and Private Interests

An employee -

5.1. during official duties, dresses and behaves in a manner that enhances the reputation of the Public Service;

5.2. acts responsibly as far as the use of alcoholic beverages or any other substance with an intoxicating effect is concerned;

5.3. does not use his or her official position to obtain private gifts or benefits for himself or herself during the performance of his or her official duties nor does he or she accept any gifts or benefits when offered as these may be construed as bribes.

5.4. does not use or disclose any official information for personal gain or the gain of others; and

5.5. does not, without approval, undertake remunerative work outside his or her official duties or use office equipment for such work.

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Your industry or sector will obviously have its own documentation that you will need to access and study.

Best Practices in respect of Business/Corporate Ethics

In the research study, "Does Business Ethics Pay?" by The Institute of Business Ethics (IBE), it was found that companies displaying a "clear commitment to ethical conduct" consistently outperform companies that do not display ethical conduct. The Director of IBE, Philippa Foster Black, stated: "Not only is ethical behaviour in business life the right thing to do in principle, but we have also shown that it pays off in financial returns." These findings deserve to be considered as an important insight for companies striving for long-term success and growth.

Research has found that the following are core or universal ethical values:

- Trustworthiness
- Respect
- Responsibility
- Fairness
- Caring
- Citizenship

These universal values are evidenced in the following issues related to organisations:

- Issues regarding the moral rights and duties of a company and its shareholders: fiduciary responsibility, stakeholder concept v. shareholder concept
- Ethical issues concerning relations between different companies: e.g. hostile take-overs, industrial espionage
- Leadership issues: corporate governance
- Political contributions made by corporations
- Law reform, such as the ethical debate over introducing a crime of corporate manslaughter
- The misuse of corporate ethics policies as marketing instruments
- Corporate social responsibility or CSR: an umbrella term under which the ethical rights and duties existing between companies and society is debated.

We have seen that, in the bigger picture, the stakeholders of any organisation are far more than the people you greet when you walk in, in the morning. They include shareholders, managers, employees, customers, suppliers, the local community in which the organisation operates and even the citizens of a country (the public). For this reason, the Code of Conduct and the Code of Ethics of any organisation should be based on the ethics and values of the country, and because we trade in a global marketplace, also on universally accepted ethical best practices.

ANALYSE THE ROLE OF CORPORATE GOVERNANCE WITHIN AN ORGANISATION

As we have seen, the issue of corporate governance features prominently in the King III report.

Corporate governance is the set of processes, customs, policies, laws, and institutions affecting the way a corporation (or company) is directed, administered or controlled.

Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the corporation is governed. The principal stakeholders are the shareholders, management, and the board of directors. Other stakeholders include employees, customers, creditors, suppliers, regulators, and the community at large.

An important theme of corporate governance is to ensure the accountability of certain individuals in an organisation and in particular the management and directors of the organisation.

There is overwhelming evidence of a link between a company's performance and its corporate governance standards, says David Couldridge, senior governance analyst at Frater Asset Management. "So we must use all the tools available to us. It's not just about the financial issues. That's why corporate governance is so important to us. We believe there's a direct correlation between corporate governance and performance," he said.

Couldridge cited the likes of the Government Employees Pension Fund (GEPF), with more than R600bn in assets, which had signed the United Nation's Principles of Responsible Investment and would encourage all of those who managed its money to follow the principles. The principles espoused, among other issues, long-term thinking and transparency.

ANALYSE ETHICAL PRACTICES OF A UNIT

When analysing the ethical practices of a unit, the following areas must be taken into account:

- **Accounting information** - Information assurance is an integral part of the discipline of accounting; for example, the accuracy and integrity of information are critical to accurate financial reporting and the generation of timely and relevant internal accounting reports for decision-making. Additionally, accountants, including auditors, have a responsibility for ensuring that proper internal controls are in place to protect the key strategic asset of information. External independent auditors have the responsibility of commenting on the fairness of accounting information, and their actions are subject to a code of ethics.

- **Marketing** - Practising ethics in marketing means deliberately applying standards of fairness, or moral rights and wrongs, to marketing decision making, behaviour, and practice in the organisation. The purpose of marketing is to create a competitive advantage. An organisation achieves an advantage when it does a better job than its competitors at satisfying the product and service requirements of its target markets. Those organisations that develop a competitive advantage are able to satisfy the needs of both customers and the organisation. As our economic system has become more successful at providing for needs and wanted, there has been a greater focus on organisations' adhering to ethical values rather than simply providing products. This focus has come about for two reasons. First, when an organisation behaves ethically, customers develop more positive attitudes about the company, its products, and its services. Not employing ethical marketing practices may lead to dissatisfied customers, bad publicity, a lack of trust, lost business, or even legal action.

- **Sales-**With an aligned, sound code of ethics for sales and customer service, organisations can build consumer confidence and shareholder value. Integrity in selling means not using techniques which confuse the prospect and lower his/ her resistance. It also means a new emphasis on serving the customer, rather than just getting a sale at all costs.

- **Production**-The company has a duty to ensure that products and production processes do not cause harm to employees or customers.

- **Intellectual property**- Intellectual property includes copyrights, trademarks, patents, industrial design rights and trade secrets. Employees may not divulge organisational secrets to competitors and often have to sign a restraint after leaving an organisation.

- **Tendering processes**- Ethical procurement promotes open, fair and effective competition and aims to provide opportunities to suppliers through fair quotation and tendering processes. The organisation must be committed to maintaining a high level of integrity and ethical behaviour in all its procurement processes.

- **Information Technology**- The ethical issues involved in the field of Information Technology are many and varied; however, it is helpful to focus on just four. These may be summarised by means of an acronym – **PAPA:**

- **P**rivacy: What information must an organisation reveal to others, under what conditions and with what safeguards? What things can people keep to themselves and not be forced to reveal to others?

- **A**ccuracy: Who is responsible for the authenticity, fidelity and accuracy of information? Similarly, who is to be held accountable for errors in information and how is the injured party to be made whole?

- **P**roperty: Who owns information? What are the just and fair prices for its exchange? Who owns the channels, especially the airways, through which information is transmitted? How should access to this scarce resource be allocated?

- **A**ccessibility: What information does a person or an organisation have a right or a privilege to obtain, under what conditions and with what safeguards?

- **Human Resources** - Managing human resources in an organisation entails many ethical issues, both on the part of upper–level management in its business decisions and lower–level management in the treatment of individual employees. Philosophic decisions on the relocation of areas of production or entire plants can have a major impact on the company but also can be devastating to individual employees and the communities in which they live. Management decisions must be made honestly taking all factors into consideration, including social responsibility as well as shareholder concerns. On a lower level, supervisors must, if they are to retain any *esprit de corps* within their unit of the organisation, treat those they supervise fairly in matters of promotion and compensation.

STRENGTHEN SHARED ORGANISATIONAL VALUES AND ETHICAL PRACTICES

According to a survey conducted by Ernst and Young, American workers estimate that employers lose a staggering 20 percent of every dollar earned to some type of workplace fraud. Not surprisingly, when asked which specific fraudulent acts employees were aware of in their workplace 37 percent reported “theft of office items.” “Claiming extra hours worked” (16 percent), “inflating expense accounts” (7 percent) and “taking kickbacks from suppliers” (6 percent) are some of the highest types of fraud witnessed.

Does this happen in South Africa?

Examples of fraudulent activities in the South African workplace include:

- Falsifying or altering cheques. A well-publicised incident involved a cheque made out to SARS. Someone altered the name to read: H.SARSANHLA. M. MKHWANAZI and deposited it in his/her account.
- Submitting fake qualifications when applying for a job. A recruitment agency reckons that about 14% of qualifications they check, have some degree of fraud-from changing matric symbols to fake qualifications obtained on the internet.

Read the following article to find out if the unethical conduct is restricted to the employees of the organisation:

> ***Beige fraud still unpunished after 5 years***
>
> *By Marcia Klein , Sunday Times, 8 August 2004:*
>
> *The use of a dead person's stationery and the forging of his signature on invoices are just some of the many irregularities discovered at pharmaceuticals and cosmetics company Beige as early as August 1999.*
>
> *Alleged fraud includes tax-free payments to directors, fictitious purchases, fictitious third-party invoice stationery, overstatement of stock, fraudulent management accounts, restatement of prior year results just before listing, fictitious cheque endorsements, incorrect classification of export sales invoices, abuse of company credit cards, fictitious export sales to a local company, sales to a created company (Gapp Trading) and VAT fraud.*
>
> *After the owner of the company Globe Pharmaceuticals died, Beige kept and used his invoices, and even signed them on his behalf.*
>
> *It would pay fictitious suppliers, and directors would keep the cash.*
>
> *Beige directors created an individual called Mr Mobie Gapp and even set up fax numbers for him.*

As we can see from the above, unethical conduct is not only restricted to blue-collar workers and that management can, in fact, because of their access to greater resources, cause much more damage than petty pilfering of pens.

In this Module, we will look at how to analyse our unit in terms of alignment with the principles of ethical conduct and how to detect unethical conduct.

SELECT AN INSTRUMENT FOR ANALYSING INDIVIDUAL AND ORGANISATIONAL CONDUCT

Guidelines for the personal ethical conduct

According to Kenneth Blanchard and Norman Vincent Peale, authors of *The Power of Ethical Management,* there are three questions that you should ask when you are faced with an ethical dilemma:

- **Is it legal?** In other words, have any criminal laws, civil laws or company policies been violated?

- **Is it balanced?** Is it fair to all parties concerned both in the short term, as well as the long-term? Is this a win-win situation for those directly as well as indirectly involved?

- **Is it right?** Most of us know the difference between right and wrong, but when push comes to shove, how does this decision make you feel about yourself? Are you proud of yourself for making this decision?

When dealing with "grey" decisions, you need to ask yourself the following questions as well:

- **Transparency.** Do I mind others knowing what I have decided?

- **Effect.** Who does my decision affect or hurt?

- **Fairness.** Would my decision be considered fair by those affected?

Principles of Business / Corporate Ethics

A corporate code of conduct is generally classified into three categories namely:

1. Corporate credos

These are the general rules of most corporations or business that are far-reaching in nature, and state the company's obligation to the public or the community.

Example 1:

- We believe that the customer comes first and must be offered the highest quality in everything we provide

- We contribute to society by providing reliable and sound services in a professional manner

- We satisfy emerging global needs of all mankind through innovative new technology

- We succeed in achieving continuous growth as individuals and as a company by the ongoing development of our physical and mental capabilities

Example 2:

- Create a clear, simple, reality-based, customer-focused vision and be able to
- communicate it straightforwardly to all constituencies
- Understand accountability and commitment and be decisive – set and meet aggressive targets – always with unyielding integrity
- Have a passion for excellence; hate bureaucracy and all the nonsense that comes with it.
- Have the self-confidence to empower others and behave in a boundary-less fashion, believe in and be committed to "work-out" as a means of empowerment, and be open to ideas from anywhere
- Have, or have the capacity to develop, global brains and global sensitivity and be comfortable building global teams.
- Stimulate and relish change. Do not be frightened or paralysed by it. See change as an opportunity, not just as a threat
- Have enormous energy and the ability to energise and invigorate others
- Understand speed as a competitive advantage and see the total organisational benefits that come with a focus on speed.

2. Compliance codes

These are the instructional rules that provide directions or regulations and forbid particular types of behaviour.

Institutional compliance is an initiative aimed at helping ensure that all staff members effectively manage the organisation's business and its risk.

To achieve this, it is imperative that all employees are aware of their responsibilities in developing and maintaining a compliance-conscious environment. Additionally, it is important to continuously assess the compliance efforts in upholding the integrity of the organisation’s standards.

While standards are nothing new at organisations, compliance codes formalise what's expected of employees and ensure that the organisation's policies and procedures, and local, regional and government laws are followed. This is accomplished through conducting risk assessments, monitoring operational activities, participating in training sessions and administering quality assurance reviews, among other tools used to help reduce the organisation's risks.

Risks, such as financial, operational, strategic and reputation-related, can come from any number of sources, but by creating a culture of compliance, the organisation, its shareholders, employees and the entire community will be better served.

3. Management philosophy statements

These are the official statements of the business or corporation. These may also pertain to the CEO's means of dealing with clients and employees.

Example:

Corporate Motto

敬天愛人

"Respect the Divine and Love, People."

Preserve the spirit to work fairly and honourably, respecting people, our work, our company and our global community

Management Rationale

To provide opportunities for the material and intellectual growth of all our employees, and through our joint effort, contribute to the advancement of society and humankind.

Management Philosophy

To co-exist harmoniously with nature and society. Harmonious coexistence is the underlying foundation of all our business activities as we work to create a world of abundance and peace

Kazuo Inamori

Executive Advisor

Kensuke Itoh

Founder and Chairman Emeritus

All three categories clearly define how corporate codes of conduct can be created.

However, the mere creation and implementation of the corporate code of conduct do not guarantee the efficiency and usefulness of the codes. The corporate code of conduct must be founded within the context of integrity. It is only through a complete understanding of the purpose of following the code of conduct that it is taken seriously and respected by the employees, consumers, and the government and the industry as a whole.

Consequently, integrity also depends on proper supervision, implementation, and precision of the codes.

Hence, it can be deduced that a corporate code of conduct is a conglomeration of the right implementation and integrity based on the requirements of the company, in which these things are fully recognisable for the development of the whole organisation.

Indicators of good business conduct

- Establish core business values and stick to them or else the business's reputation will suffer
- Welfare and motivation of staff are critical to the success
- Remember that the management's business behaviour will be taken as a role model by staff
- Make sure that all share the same vision and values
- Work in relations with customers; they neither start nor stop when the sale is made
- Don't knock competitors
- Stick to agreed terms of payment
- Record all financial transactions
- Find at least one way of supporting the communities in which the business operates
- If you are doubtful about an ethical issue, take advice

How do you detect unethical conduct in your business unit?

The following article gives an interesting insight into the **type of person** most likely to commit fraud and **trends in fraudulent activities** in the workplace:

Sometimes the most loyal employees are the biggest thieves *By Staff Writer Nicole Jacoby*

An overwhelming 79 percent of workers admit they have or would consider stealing from their employers, according to a survey released last week by forensic accounting firm Michael G. Kessler & Associates.

And the loot is far more sophisticated than mere pens and paper clips. Computer software, office appliances and accounting books are all prime targets for would-be pilferers and grafters.

"It's across the board," John Case, president of security management consulting firm John Case & Associates, said. "Wherever you have something that's worth something, a certain percentage of people will steal. It can be anything -- copper in a junkyard, high-tech information that competitors would buy and everything in between."

Many employers write off these losses as the cost of doing business, but what they might not realize is that workplace pilfering can cost them their livelihood.

One out of three companies that go bankrupt each year does so as a result of employee theft, costing businesses between $60 billion and $120 billion a year, according to prior studies.

Workplace theft is prevalent, some experts say, because many employers overlook the symptoms of theft and failure to put in place adequate checks and balances.

There are many misconceptions about who steals and why they do it. For the most part, thieves run the demographic gamut.

"It goes all the way to the top," said Michael Kessler, president and chief executive of Michael G. Kessler & Associates. "I've seen it from corporate vice presidents to janitorial staff."

Although workplace theft is probably somewhat more widespread among blue-collar workers, the damage done by more senior employees is usually far greater.

"The ability to steal greater amounts of money or products is much bigger just by virtue of the status and ability of the manager to steal and cover it up," said Case.

"The whiter the collar, the bigger the dollar."

Employees also rarely steal because they need to. "A lot of people say it's because they need the money, but I don't think that's the case," said Kessler. "It's often vindictiveness. Or they see other people doing it and believe they can get away with it, too."

Why employees steal	
Greed	**49%**
Vindictiveness, get even	**43%**
Need	**8%**
Source: Michael G. Kessler & Associates	

Many workers seem to steal company property simply because they can. "The real reason people steal is an opportunity. When companies make it easy through lack of control, an atmosphere of theft is created," said Case.

Many managers tend to disregard inventory shortages, declining profits and rumours of dishonesty partly in the hopes of avoiding uncomfortable confrontations, says Case. Employers also tend to find it difficult to believe their employees would steal from them, so they do not put restrictions in place.

Pinpointing thieves can be difficult if you don't know what to look for. Ironically, an especially loyal employee who never takes a vacation or sick day may be trying to hide shady work habits. "They've got their scheme down and the minute someone else comes in and sees it, they'll be found out," Kessler said. Unfortunately, these types of employees are often the hardest to accuse because their dedication is so highly valued.

Employee Theft	
21%	Will never steal
13%	Will Steal
66%	Will steal if they see others do so without consequence
Source: Michael G. Kessler & Associates	

Employees who frequently ridicule the firm, or whose lifestyles have suddenly improved with no logical explanation may also be suspect. Other telltale signs include:

- Missing or untraceable documents
- Excessive credits or voids
- The inventory found near exits, loading docks or restrooms
- Unreasonably large quantities of supplies are being ordered
- Alterations on employee time sheets, after supervisors, have signed them
- Invoices appear as copies and not originals

Although many of these tip-offs may be legitimately explained, the prevalence of this type of behaviour may indicate a theft problem or potential for a problem. Many employers make the mistake of not being suspicious enough. Signs of theft are often misinterpreted as carelessness, incompetence or inexperience on the part of the employee. "You've got to keep an open mind that an employee will steal," Kessler said.

There are many instruments available to measure and analyse conduct in the organisation, such as The Organisational Culture Assessment, which is recognised as one of the most widely used and thoroughly researched organisational surveys in the world. It provides a picture of an organisation's operating culture in terms of the behaviours that members believe are expected or implicitly required.

The Organisational Culture Assessment spells out

Consisting of a 120-item questionnaire, the Organisational Culture Inventory may be administered in about 20 minutes online or by paper and pencil. Results are presented in clear, readily understood language and pictorially via numerous graphs and charts.

However, if you know what's expected in terms of ethical behaviour and what the indicators are for unacceptable behaviour, you can even design your own, customised instrument, either in the form of a questionnaire or an observation checklist.

The steps in the development of an observation checklist include:

1. Determine critical ethical practices (based on company values and codes). Deciding which practices to include on the checklist is a balancing act between including those essential to maintaining an ethical workplace and creating a simple and easy to use the tool. There are a variety of methods for selecting checklist items, including analysing incident records for those behaviours that might indicate recurring issues.

2. Pinpoint those practices. Practices included on the checklist must be described in such a way as to allow observers to record their observations reliably. Each item must be detailed enough that the checklists of two independent observers, observing the same employee at the same time, will be substantially the same.

3. Draft the observation checklist. Checklists can have a variety of formats, some of which are more useful than others for particular situations. Different formats also facilitate the observer's job of observation and recording under different circumstances. The goal is to develop a checklist format that is reliable and user-friendly.

4. Trial run the checklist. Designing a valid, reliable, and above all, practical, checklist requires taking the drafts out of the conference room and into the workplace. Design Team members can test the drafts in their work areas. Ideally, the observation and recording take no more than fifteen minutes, so this will be one of the features of the observation checklist to test.

APPLY AN INSTRUMENT TO GATHER AND RECORD INFORMATION

Once the observation checklist is finalised, the Design Team can develop the observation procedure. Several of the questions your Design Team must consider are:

1. Who will conduct the observation? The design team usually considers at least three options: train all supervisors to be observers, assign observation to specific positions, confine observation to management, or begin with one option and gradually involve all employees.

2. How often will observation be conducted? The frequency of observation is important. Daily or weekly observation is the best way to collect sufficient data.

3. What training will these observers need? Consider the existing skills and training needs of the identified observers who may need training in at least two areas: observation skills and observation-based analysis skills.

EVALUATE THE CURRENT STATE IN A UNIT

Once the observations are underway, you can begin the process of data gathering and analysis. The data will help you to:

1. Identify where there are problems or potential problems,

2. Develop action plans for addressing major concerns, and

3. Plan recognition and celebration of compliance.

Now that you have identified areas of concern in terms of ethics and conduct, you can formulate a plan to address issues and strengthen ethical practices in your unit.

PREPARE AN IMPLEMENTATION PLAN

Follow these steps when preparing a plan to strengthen the values, code of conduct and ethical practices in your unit:

1. Identify key behaviours needed to adhere to the ethical values proclaimed in your code of code of conduct, including ethical values derived from a review of key laws and regulations, ethical behaviours needed in your product or service area, behaviours to address current issues in your workplace, and behaviours needed to reach strategic goals.

2. Include wording that indicates all employees are expected to conform to the behaviours specified in the code of conduct.

3. Add wording that indicates where employees can go if they have any questions.

4. To ensure that your plan is effective, guidelines should be developed to deal with cases of:

   - non-compliance
   - misinterpretation
   - different applications of the code of conduct

5. Examples of topics typically addressed include: preferred style of dress, avoiding illegal drugs, following instructions of superiors, being reliable and prompt, maintaining confidentiality, not accepting personal gifts from stakeholders as a result of company role, avoiding racial or sexual discrimination, avoiding conflict of interest, complying with laws and regulations, not using organisation's property for personal use, not

discriminating against race or age or sexual orientation, and reporting illegal or questionable activity. Go beyond these traditional legalistic expectations in your codes -- adhere to what's ethically sensitive in your organisation and unit, as well.

6. Write the required behaviours as goals or objectives

7. Your plan should specify who is responsible for the overall implementation of the plan, and also who is responsible for achieving each goal and objective.

8. The document should also specify who is responsible for monitoring the implementation of the plan and make decisions based on the results.

9. Describe how you will obtain buy-in and distribute your plan.

DESCRIBE THE ROLE AND RESPONSIBILITIES OF THE MANAGER

As a manager, you need to ensure that specific behaviour standards are set based on the organisation's code of conduct. You need to ensure that your team / department use these behaviour standards appropriately.

To set the behaviour standards, you need to interpret the code of conduct into behaviour standards for your specific team, department, section or division, e.g.:

> *Example 1:*
>
> *In dealing with customers, suppliers or intermediaries, employees may not give or receive money or gifts of significant value.*

To set behaviour standards, you could interpret the above statement from the code of conduct into:

- A rule that no employee may accept money or a gift when dealing with customers, suppliers or intermediaries

> *Example 2*
>
> *An employee is punctual in the execution of his or her duties*

To set behaviour standards, you could interpret the above statement from the code of conduct into:

- A rule that all employees have to work specific hours, e.g. work starts at 08h00 and ends at 17h00.

> *Example 3*
>
> *An employee during official duties dresses in a manner that enhances the reputation of ABC Company*

To set behaviour standards, you could interpret the above statement from the code of conduct into:

- A dress code for your department, providing the employees with guidelines about what is acceptable clothing to wear to work.

Every manager will often face various deviations from the code of conduct. Adhering to the code of conduct principles is clearly "doing what is right". But it is not always quite that simple. The code of conduct principles are based on the organisational values and values are never absolute. In other words, they are based on judgements and individual points of view.

An example of a situation that may be viewed in different ways by different people is that of an employee being offered a gift by a supplier – a Christmas present, perhaps. Regarding the code of conduct and the Prevention and Combating of Corruption Act, the employee cannot simply accept the gift with thanks.

Yet if the gift is of relatively low value, the employee might think that it was clearly not meant to influence future buying decisions, and therefore will not see the need to declare it. If the gift was offered and accepted in the privacy of the employee's own office, no-one needs ever find out about it.

Now, suppose you are that you and employee's manager overhear the employee mention the gift to a colleague. What are you going to do?

- **If you take no action**, you are condoning possible conflict of interest, and also what may turn out to be a criminal offence.
- **If you take action**, will you appear petty-minded, because the value of the gift was so low? Or sly and devious, because you acted on a conversation that was not meant for your ears? Or authoritarian, because by "sticking to the letter of the law", you are taking action against something that the employee perceives as unimportant?

And how will the rest of the team view you – as ethical and honourable or as "making a mountain out of a molehill"? And does it matter what the employee concerned and the rest of the team think about what you do? Not easy, is it?

Here are some further examples of situations faced by South African managers every day that may be seen as a breach of the code of conduct principles:

- An employee shares his/her positive HIV status with the manager. After a few months, the employee becomes ill and often arrives late, leaves early, or is absent. The manager decides to make allowances, and "cut the employee some slack". Other employees see this as favouritism, and some start to arrive late.

- An employee who claims to have transport problems frequently arrives at work a little late (never more than 10 minutes), but always complete work on time and to the required standard.

- An employee who has been with the company for two years and has performed well enough to have received a promotion is found to have lied about having a university degree – the certificate he/she produced was forged. This employee is a pleasant colleague and a team-player as well as being the sole breadwinner with a family of eight school-age brothers and sisters. Both parents died last year from AIDS-related illnesses.

- Employees make personal telephone calls on company lines in company time.

- An employee borrows a company-owned bakkie over the weekend for use while moving house. He/she has verbal permission from his/her direct supervisor but should have got permission in writing from the departmental manager.

- Another employee borrows a company-owned vehicle over the weekend for private use and is involved in an accident with a pedestrian. The pedestrian is seriously injured, and the vehicle is badly damaged. The employee, who is uninjured, claims to have verbal permission to borrow the vehicle from his/her direct supervisor, but the supervisor denies this. The supervisor is not authorised to permit for the vehicle to be used privately.

- An external salesperson regularly does personal errands (e.g. going to the bank, picking up dry cleaning, buying groceries) between calls on customers.

- An employee in Procurement who is chatting informally with the Purchasing Manager happens to mention that his/her partner has just joined one of the company's suppliers, in a senior sales position.

- Two employees who are married, but not to each other, start an affair. They are very discreet while at work but are often seen together in social situations.

In any of these situations, if you were the manager, you would need to decide:

- Should I take action?
- If so, what action should I take, and how do I justify it to all concerned?

As we have seen in the previous section of this module, deviations from the code of conduct are quite common. When deviations from the code of conduct occur, you need to identify them and take remedial action to ensure compliance with the code of conduct.

To find a remedy to any deviation from the code of conduct, you can use a problem-solving procedure. It involves the following steps:

1. Analyse the situation so that you fully understand the nature of the problem.

2. Confirm that it is a code of conduct problem by identifying the code of conduct principle(s) involved, and/or the law(s) that have been broken (if any).
3. Consider the possible outcomes of **not** taking action.
4. Assess the effect of each of these outcomes on the people involved and on other stakeholders, including the organisation as a whole.
5. Consider solutions, referring to organisational policy and procedures, and to previous solutions to similar problems (if any); ask for advice from your manager.
6. Consider the effect of each possible solution on all stakeholders.
7. Make a sustainable decision.
8. Communicate your decision to all concerned.
9. Implement your decision.
10. Identify the lessons to be learned, and how to prevent a recurrence of this type of problem.

The response to a breach of the code of conduct principles should be documented and communicated to all staff in the organisation. There is no reason why a code of conduct breach should not be treated as a disciplinary issue, and the existing disciplinary procedure of the organisation followed.

Following a documented procedure means that all cases are treated fairly, and value-judgements on the part of managers who are responding to the breach are minimised.

A standard, written procedure for responding to the code of conduct breaches has the following advantages:

- **Transparency** is shown regarding the way in which breaches will be handled.
- It **saves time** because managers have a procedure to follow instead of having to "reinvent the wheel" with the risk of unfair labour practice.
- If an employee who is penalised for a breach of the code of conduct principles feels that he/she has been unfairly treated, and takes action in terms of the employment legislation, the fact that a documented procedure, of which the employee was aware, was followed will show that the company made every effort to be **fair**.

OUTLINE THE COMMUNICATION ACTIVITIES

Your plan is essentially useless unless all stakeholders have been informed about what it is, how it works and their roles in it.

Stakeholders in the Code of Conduct

When communicating your unit's code of conduct, you need to ensure that you communicate it to all the relevant stakeholders, who could be some or all of the following:

- Employees
- Team members
- Management
- Customers

- Suppliers
- The Public
- Trade Unions
- Local Government
- Legislative Bodies

The code of conduct upon which your plan is based is ultimately policy and procedure of an organisation. All staff must be aware of and act in full accordance with policies and procedures (this is true, whether policies and procedures are for conduct or personnel management). This full accordance to the code of conduct requires all employees to be trained about the code of conduct. In addition, your employees need to understand how the unit's Code is aligned to the organisation's code of conduct.

As a manager of a team or department, you should communicate the code of conduct as often as possible, such as:

- Orient new employees to the organisation's code of conduct during new-employee orientation.
- Involving staff in creating and reviewing the code of conduct from time to time.
- Include code of conduct performance as a dimension in performance appraisals.
- Give all staff a copy of the code of conduct

When communicating the code of conduct to employees, you need to ensure that you fully explain the code and that you discuss the implications of adhering and or non-adherence with the employees. These employees could be members of your team, department, section or division.

When communicating the code of conduct to employees, you need to ensure that you use science and technology effectively and critically, showing responsibility to the environment and health of others in promoting ethical practices in the unit and entity:

- Do not print handouts when you can reach stakeholders via e-mail.
- Remind recipients not to print out the emails.

DESCRIBE THE PROCESS FOR MONITORING AND EVALUATING IMPROVEMENTS

Monitoring and evaluating the implementation of the plan is as important as identifying the ethical issues and goals.

The purpose of monitoring and evaluation is to ensure that the unit is following the direction established during planning.

In your plan you decided on a reporting structure and set guidelines for how often it would happen; for example, you might expect the supervisors to regularly conduct observations and report to you about the status of implementation.

Key Questions While Monitoring and Evaluating Status of Implementation of the Plan
Are goals and objectives being achieved or not? If they are, then acknowledge, reward and communicate the progress. If not, then consider the following questions:

1. Will the goals be achieved according to the timelines specified in the plan? If not, then why?
2. Should the deadlines for completion be changed (be careful about making these changes -- know why efforts are behind schedule before times are changed)?
3. Do personnel have adequate resources (money, equipment, facilities, training, etc.) to achieve the goals?
4. Are the goals and objectives still realistic?
5. Should priorities be changed to put more focus on achieving the goals?
6. Should the goals be changed (be careful about making these changes - know why efforts are not achieving the goals before changing the goals)?
7. What can be learned from our monitoring and evaluation to improve future planning activities and also to improve future monitoring and evaluation efforts?

Finally, don’t forget to give feedback to the unit and celebrate any improvements that have been made. “Celebration is as important as accomplishing objectives - maybe more. Without a sense of closure, acknowledgement and fulfilment from a job well done, the next planning cycle becomes a grind.”

LEARNING UNIT TWO

2

ASSESSMENT CRITERIA

Evaluate current practices against best practice 252024

SPECIFIC OUTCOME 1 - 3

- Apply the Concept of Best Practice to a Unit
- Analyse current practices in a unit in relation to identified best practice.
- Decide on the best practices to be adopted in a unit.
- Formulate recommendations for implementing best practices.
- Draw up a plan for implementing best practice.

APPLY THE CONCEPT OF BEST PRACTICE TO A UNIT

APPLYING THE CONCEPT OF BEST PRACTICE TO A UNIT

Best Practice is a management idea which asserts that there is a technique, method, process, activity, incentive or reward that is more effective at delivering a particular outcome than any other technique, method or process. The idea is that with proper processes, checks, and testing, a project/ product/ service can be rolled out and completed with fewer problems and unforeseen complications.

Best Practice is the process of developing and following a standard way of doing things that are more effective at delivering a particular outcome than any other way and which multiple organisations can adopt and utilise.

We can say that Best Practices are established conditions representing excellence or a set of ideals sought after to help improve the effectiveness of the organisation in the marketplace.

However, the notion of 'best practices' does not commit people or companies to one inflexible, unchanging practice. Instead, Best Practices is a philosophical approach based on **continuous learning and continual improvement.**

EXPLAIN THE CONCEPT OF BEST PRACTICE

We can say that Best Practices are established conditions representing excellence or a set of ideals sought after to help improve the effectiveness of the organisation in the marketplace.

Background

The notion of a best practice is not new. Frederick Taylor (1919) said as much nearly 100 years ago: “among the various methods and implements used in each element of each trade, there is always one method and one implement which is quicker and better than any of the rest” (Taylor, 1919). This viewpoint came to be known as the "one best way".

History, however, is filled with examples of people who were unwilling to accept the industry standard as the best way to do anything. The enormous technological changes since the Industrial Revolutions in England and the United States bear witness to this fact. For example, at one time horses were considered the 'best' form of transportation, even after 'horse-less carriages' were invented. Today, most people drive a petrol, diesel, or bio-fuel vehicle—itself an improvement on the horseless carriage.

A more recent example can be found in the 1968 Summer Olympics where a young man named Dick Fosbury revolutionised high-jumping technique. Using an approach that became known as the Fosbury Flop, he won the gold medal (in a new Olympic record height of 2.24

m), by going over the bar back-first instead of head-first. Had he relied on 'best practice,' as did all of his fellow competitors, he probably would not have won the event. Instead, by ignoring 'Best Practice', he raised the performance bar—literally—for everyone.

The purpose of any standard is to provide a kind of plumb line, and therefore that standard must be, "What is possible?" and not only, "What is somebody else doing?"

Best practices do not have one template or form for everyone to follow. However, we need to also bear in mind that the best way to learn is from the efforts and experience of others. It applies to all aspects of your business, although you may concentrate on improving only one or two areas at a time.

Following Best Practice ideals keeps you up to date with developments in your industry and competitors. By continuing to learn and develop, you are giving your business a competitive edge that will be hard to beat.

IDENTIFY BEST PRACTICES THAT ARE RELEVANT TO A UNIT

A **Standard** is a set of written guidelines and principles to enable predictable and consistent results to be met in industry or trade. Standards describe the behaviour for which people are accountable, as well as stating specific levels of performance, quality of goods and services produced and the conditions and procedures used.

- They provide a **model** or example that clarifies for everyone exactly how the work is to be done to achieve acceptable results across the industry group. Standards also outline relevant safety procedures.

- In the real world, Standards provide enormous **social and economic benefits**. Safety, inter-changeability, economic efficiency, quality, reliability - the list is endless. But their benefits are so accepted and so commonplace that they're often taken for granted.

- Standards allow **clear communication** between you and your employees, to allow quality products and processes to be created in safety. Following standard procedures reduces costs and simplifies training for employees.

- Importantly, **consumers value products** that are known to be made to certain standards. Consumers will have faith in the quality and consistency of businesses using relevant Standards.

Business Metrics

A business metric is any type of measurement used to gauge some quantifiable component of a company's performance, such as return on investment (ROI), employee and customer churn rates, revenues, and so on. Business metrics give us a standard on which to improve. For example, the performance metric of average sales for Joan's company increased from R722 000 to R745 000 over the last 2 months.

Business metrics are part of the broad area of business intelligence, which comprises a wide variety of applications and technologies for gathering, storing, analysing, and providing access to data to help enterprise users make better business decisions.

Systematic approaches, such as the balanced scorecard methodology, can be employed to transform an organisation's mission statement and business strategy into specific and quantifiable goals, and to monitor the organisation's performance in terms of achieving those goals.

Keep track of your goals

As a business unit manager, you can't underestimate the importance of tracking the progress of your business. It's very easy in the rush of hard work to forget to take time out for planning. In the long run, you'll be more profitable, and your business unit will run more smoothly if you take a couple of hours each month to assess how well you're doing and decide what you need to do next to stay on track.

In fact, one recent business survey showed that 89% of businesses that grew reliably for more than three years had in place well-developed methods of tracking their business goals related to growth, income, expenses, etc.

You need to build a framework of business metrics - measurable activities and achievements which will point the way forward. Business experts often call these KPI's: Key Performance Indicators.

Why plan?

Developing business metrics and measuring results against them will offer you several benefits:

For one thing, they will help outline a clear business path for a company. In every business, circumstances change, and it's tempting to react impulsively or emotionally. With the numbers in black and white, you can make a more rational decision on how to proceed.

Here are some examples:

- **Short-term setback**: A competitor cuts its prices
- **Long-term development**: New technology changes the way you offer your service
- **Change in your strategy**: You decide to offer a new enhancement to your service

Moreover, a key trait of successful businesses is their sensitivity towards metrics and analytics that might indicate problems. Quite simply, companies which watch trends spot both problems and opportunities first. Metrics such as the "industry sector growth rate" offer you a perspective on your industry and will, therefore, inform decisions you make about your own growth. Monitoring and acting appropriately to changes in business metrics hold the key to the consistent growth and success of your business.

You can generate reports on plenty of KPIs yourself. You should already be keeping track of sales and expenses each month, but you should also consider other important metrics:

- Are customers spending more than they were a year ago?
- Are you getting business from your chosen target sectors?
- If you're tendering for work, what percentage of tenders are successful?
- Are your profit margins increasing or decreasing?

Other industry data might have to come from outside your business unit, or even company.

Create an analytical framework

Your framework starts with establishing goals. These goals may include sales targets, ideal profit margins, or success at signing up new customers.

One useful thing is to go through a budgeting exercise for your business unit. This exercise forces you to answer questions such as:

- How much can my business realistically grow based on current conditions?
- What aspects of my business have the most impact on my bottom line?
- What are the pain points that affect the bottom line?
- How can I reduce the cost of acquiring new customers?
- Where are the growth opportunities?
- Where can I cut costs?

A **SWOT (Strength, Weaknesses, Opportunities and Threats) analysis** will also help you honestly assess your business compared to its competitors.

This exercise can form the basis for setting measurable, actionable, results-oriented goals:

For example, let's say a particular business, Pipeline Plumbers performs a SWOT analysis which shows that plumbing inventory shrinkage (breakages, theft, loss, etc.) is too high. It resolves to cut these losses by 20%.

The business then decides to break down the goal into objectives, and comes up with a suitable strategy: they will implement a software-based inventory management system. They will track the progress of the new inventory system towards achieving the goal of reducing inventory shrinkage by 20%.

The key metrics to track the goal each month would be current inventory shrinkage per month (without the inventory software in place), the percentage of inventory managed by the new system and the shrinkage for inventory managed by the software system.

The business now has greater insight into what strategy is working and what isn't. Pipeline Plumbers now also has a greater chance of fixing problems midway in the process.

Break down the goals into measurable metrics

A second step in developing your business metrics involves breaking down your goals into action items that can be easily tracked. Although an obvious step, this is where most managers falter.

Even companies which set goals can forget to carry through the process of effective monitoring. You'll need to come up with the metrics that match your goals and show the way forward. These metrics may be derived from several data sources.

Exporting data to Microsoft Excel and doing the analysis there is particularly effective - you can set up a workbook that tracks all your goals in one place, and present them, in the same way, each month.

Investing time in critically figuring out what metrics are necessary, versus those that are nice to have, can improve the overall efficiency of the analytics framework.

Know when to measure, and when to change the yardstick

Metrics need to be classified according to how frequently they are monitored. Cash flow metrics, for instance, may require daily monitoring, while a collection rate may need to be monitored monthly. It is also helpful to spend time defining what values for certain metrics indicate a problem in the business model. This is how agile companies spot problems early on.

Return on investment

Although all this may sound a little overwhelming at first, the benefits will significantly outweigh the time you invest. You may also be fearful of finding out shortcomings in your unit but be assured that it's far better to know and act on problems than to brush them under the carpet.

In the long run, effective planning will make your day-to-day work easier as you establish clear rules for many aspects of running your business unit, such as controlling your cash flow.

You'll actually have to make fewer hard decisions, not more; and you'll make them without the confusion of information overload.

Codes of Good Practice

Industry Codes of Practice are not Law but are guidelines to help members of that industry achieve the standards required by regulation. They are developed through consultations with industry workers, employers, government bodies and relevant special interest groups.

Unless there is an alternative that achieves equivalent or better results, Codes of Practice should be followed as if they were mandatory. Not only does it ensure that your business produces high-quality work, but it also reduces the risk of error and legal issues.

Examples of **general Codes of Good Practice** would be those found for managing labour relations on a website such as that of the CCMA (www.ccma.org.za), or the following codes found at http://www.labour.gov.za:

Codes of Good Practices issued by the Minister

- **The arrangement of Working Time:** Information and guidelines on shift work and night work and their impact on workers' health and safety

- **Disability in the workplace:** The Code is a guide for employers and workers on key aspects of promoting equal opportunities and fair treatment for people with disabilities.

- **Employment Equity Plans:** The objective of this code is to provide guidelines for good practice, in terms of the requirements of the Employment Equity Act.

- **Handling Sexual Harassment Cases:** Aims to assist in the elimination of sexual harassment in the workplace. It provides procedures to deal with the problem and prevent it from recurring.

- **Integration of Employment Equity into Human Resource Policies and Practices:** The guidelines in this code will enable employers to ensure that their human resource policies and practices are based on discrimination and reflect employment equity principles.

- **Integration of Employment Equity into Human Resources Policies:** This code identifies areas of human resources that are key to employment equity which can be used to advance equity objectives.

- **Key Aspects of HIV/AIDS and Employment:** The Code's objective is to provide guidelines for employers, workers and trade unions on how to manage HIV/AIDS within the workplace.

- **Key Aspects of the Employment of People with Disabilities:** A guide for employers and workers on promoting equal opportunities and fair treatment for people with disabilities.

- **National Code of Practice for the Evaluation of Training Providers for Lifting Machine Operators:** This Code of Good Practice is to provide clarity and direction to all stakeholders directly or indirectly related to the accreditation and provision of training to lifting machine and equipment operators.

- **Pregnancy:** Provides for the protection of workers during pregnancy and after the birth of a child.

Areas of Application

Aspects of your business where Best Practice applies, include:

- How staff are recruited
- Making use of new technologies
- Marketing and public relations strategies
- Product development and production
- Sales procedures
- Reducing waste
- Adding innovations into your business
- Training staff
- Reducing overheads and running expenses
- Monitoring supplier choices
- Quality assurance procedures
- Product distribution

DEFINE WORLD-CLASS PRACTICES IN IDENTIFIED BEST PRACTICES

In an age of increasing deregulation, technological change and new competitive attitudes, organisations must become nationally and internationally competitive. To do this, it is essential to pursue Best Practice – a comprehensive, integrated and co-operative approach to the continuous improvement of all facets of an organisation's operation. Leading edge companies achieve world-class standards of performance in this way.

Global competitiveness greatly depends on an organisation's ability to quickly bring to market new, high-quality products/ services at a reasonable price that the consumer will purchase anywhere in the world.

General Principles of Best Practice

- **Develop a shared vision and strategic plan**

Central to achieving Best Practice is a vision of world-class performance, shared by everyone in the organisation, translated into action through a strategic plan.

- **Ensure that management is committed**

Committed managers are essential to drive and support change processes. One of their key roles is not only to provide leadership but to recognise and encourage leadership at all levels of the organisation towards Best Practice.

- **Provide a flatter organisation structure**

Competitive organisations respond to customers' needs in a time frame acceptable to the customer. Flatter organisational structures are better able to deliver a quick response. They are usually characterised by devolution of authority – particularly via team-based activities, empowerment of workers and improved two-way communication strategies.

- **Work towards a co-operative industrial relations environment**

Best Practice workplaces promote effective communication and consultation throughout their structures. Enterprise bargaining, for example, is an effective process for introducing and institutionalising Best Practice.

- **Create a learning environment**

A company that performs badly is easily recognisable. Can you spot any of the following signs in your company?

- Do your employees seem unmotivated or uninterested in their work?
- Does your workforce lack the skill and knowledge to adjust to new jobs?
- Do you seem to be the only one to come up with all the ideas?

- Does your workforce simply follow orders?
- Do your teams argue constantly and lack real productivity?
- Do your teams lack communication between each other?
- When the "guru"/ manager/ “expert” is off, do things get put on hold?
- Are you always the last to hear about problems?
- Or worst still the first to hear about customer complaints?
- Do the same problems occur over and over?

If any of these points sound familiar, the answer could be found in becoming a Learning Organisation. A Learning Organisation is an organisation that learns and encourages learning among its people. It promotes the exchange of information between employees, hence creating a more knowledgeable workforce. This produces a very flexible organisation where people will accept and adapt to new ideas and changes through a **shared vision**.

Two key qualities of a learning organisation are its commitment to continuous improvement and recognition of the contributions of everyone in the organisation.

- **Develop and implement innovative human resource policies**

Occupational health and safety, equal employment opportunities, career-path planning, new remuneration systems, flexible working hours, part-time work, work-based child care and literacy training are just a few examples of innovative workplace initiatives.

- **Focus on your customers**

Customers determine the success of any enterprise and organisations responsive to customers’ demands will profit in a variety of ways – increased market share, increased staff and customer satisfaction and a reduction in the need for marketing.

- **Develop closer relationships with your suppliers**

Leading-edge organisations involve their suppliers as an integral part of their change processes. These links can cut inventories, create innovative opportunities and ensure a higher quality of the end product.

- **Pursue innovation in technology, products and processes**

Market leaders have developed and employed integrated technology to ensure continuous improvement of production systems. Technology is not viewed in isolation but as part of the whole system.

- **Use performance measurement systems and benchmarking**

If you really want to compete, you will have to match and improve the performance of the nation's or worlds' best. Benchmarking is an essential tool for organisations committed to achieving top standards of performance.

- **Think "green."**

Increasingly, the integration of environmental management to all operations is becoming a component of the competitive strategy.

- **Develop external relationships**

Networks can enhance an organisation's competitive capabilities through the sharing of information, by gaining access to services that individual organisations may not have been able to afford, in developing new technology or products, by exchanging staff to defray costs associated with entering new markets, etc. Networks are valuable in the pursuit of Best Practice programmes.

Define World Class Behaviour

Once you have identified the Best Practice guidelines, you need to define the world-class behaviour for the specific context/organisation by following the steps below:

1. Identify one business process or service to improve (e.g. product delivery)
2. Look for one metric to measure (e.g. Late Shipment %)
3. Find competitors and companies within your industry and outside your industry
4. Collect information on the successful, best practices of other companies
5. Modify the best practice for your situation
6. Implement the process; then measure the results

For example, in financial services and the investment management industry, "outstanding" is commonly defined as being consistently in the top-quartile of investment performance.

In manufacturing, production excellence is measured against time, quality and cost benchmarks. In most line positions, quantitative excellence is usually both measurable and trackable.

An example of world-class behaviour for customer service would be:

Answer telephone calls:

All telephone calls will be answered within three rings according to the set company policy and procedures for answering the organisation's telephone. These guidelines are based on international standards, namely:

- Politeness
- Professionalism
- Helpfulness
- Friendliness

We can measure the results through customer satisfaction surveys.

According to Dr Adalat Khan, a world-class organisation can be defined as “an organisation which has acquired the position of Best of the Bests in the world in its given business and continuously strives to beat its own standards so as to retain that position”.

Characteristics of a world-class organisation

The definition above gives us some pointers to what make up the characteristics of a world-class organisation:

- **Best of the Best**

A world class organisation is like a world champion who has beaten all business champions throughout the world. Additionally, such an organisation possesses a level of strategic and operational excellence, which is not matched by any other organisation in the world. Classic examples of Best of the Best organisations include Motorola, Federal Express, Microsoft, etc.

Motorola is an excellent example of a Learning Organisation: the Six Sigma quality system was developed at Motorola, even though it became best known through its use by General Electric. It was created by engineer Bill Smith, under the direction of Bob Galvin (son of founder Paul Galvin) when he was running the company.

Motorola University is one of many places that provide Six Sigma training:

MOTOROLA UNIVERSITY

Motorola continues to grow at a significant rate, with 20 000 associates hired each year. With this growth, Motorola felt the need to train people for their own hiring.

Jeff Oberlin, director of Motorola University's Department of Emerging Technologies and Human Resource Trends, explained:

HELPFUL TIPS & IDEAS

"We can't keep using traditional classroom methods of instruction to spread the message for Motorola. Our reach isn't far enough to get to everybody. We must find creative ways to help new associates, world-wide, become productive members of a team and receive consistent messages about how we do business; the core values of Motorola, and the tools and techniques we use."

Jeff's charter was to closely re-examine MU's methods of spreading information, delivering training, and determining new and better ways of providing Motorolans with the knowledge and skills required to meet the ever-changing demands of the industry.

He went on to say,

HELPFUL TIPS & IDEAS

"The use of CD-ROM, Internet applications, wireless data, and a host of other emerging technologies must be fully explored. Our intent is to find those situations where alternative training delivery is the best way to transfer information."

Multimedia training allows Motorola to:

- Get training to all Motorolans world-wide, including emerging markets
- Reduce training times and costs
- Increase knowledge of the firm

The first step was to build a department of technology to research, develop, and eventually teach the how-to aspects of multimedia-based learning.

HELPFUL TIPS & IDEAS

"Once we determine how to use the various technologies available to us, we want to share that knowledge with the business."

Motorola was looking for associates with expertise in a number of areas:

- Computer-based training
- The Internet
- Satellite and business television
- Wireless communication
- Corporate education departments
- Software
- Video

The Conception

Motorola University was started in 1981 as the Motorola Training and Education Centre. It was created to provide training needs and established itself as a corporate department.

During the 1980s, Motorola University's original aim was to help its company build a quality culture, which would then develop an internal training system. In addition, they set up corporate-wide training plans and training investment policies.

By 1990, Motorola University had expanded its operations in the United States, Eastern Europe, South America and the Asia-Pacific region. The Galvin Centre for Continuing Education was opened in 1986, while the Singapore Training Design Centre was opened in 1989.

Today, managers, supervisors and employees from all parts of Motorola have attended a diversity of training. This training helps participants to have more opportunities to develop and achieve their full potential.

- **Continuous Improvement**

The second most important trait of a world-class organisation is the importance it attaches to continuous improvement. This type of organisation does not rest on its laurels but rather continuously indulges in a self-reinvention process. It is rightly said that “success is a journey and not a destination” and for successful companies, improvement is a continuous journey. Those organisations, which practise continuous self-improvement, live longer, while those who become complacent and forget about it ultimately end up failing.

Kaizen (改善, Japanese for "change for the better" or "improvement", the English translation is "continuous improvement", or "continual improvement") is an approach to productivity improvement originating in the work of American experts such as Frederick Winslow Taylor, Frank Bunker Gilbreth, Walter Shewhart, W. Edwards Deming and the War Department's Training Within Industry programme by Japanese manufacturers after World War II. The development of kaizen went hand-in-hand with that of quality control circles, but it was not limited to quality assurance.

The Japanese interpretation of continuous improvement is "to take it apart and put back together in a better way."

Kaizen is a daily activity whose purpose goes beyond improvement. It is also a process that, when done correctly, humanises the workplace, eliminates hard work (both mental and physical) and teaches people how to do perform experiments using the scientific method and how to learn to spot and eliminate waste in business processes.

Kaizen must operate with three principles in place: process and results (not results-only); systemic thinking (i.e. big picture, not solely the narrow view); and non-judgmental, non-blaming (because blaming is wasteful).

People at all levels of an organisation participate in kaizen, from the CEO down, as well as external stakeholders when applicable.

Kaizen often takes place one small step at a time, hence the English translation: "continuous improvement", or "continual improvement." Yet radical changes for the sake of goals, such as just-in-time and moving lines, also gain the full support of upper-level management.

The cycle of kaizen activity can be defined as standardise an operation -> measure the standardised operation (find cycle time and amount of in-process inventory) -> gauge measurements against requirements -> innovate to meet requirements and increase productivity -> standardise the new, improved operations -> continue cycle ad infinitum. This is also known as the Shewhart cycle, Deming cycle, or PDCA.

The "zen" in Kaizen emphasises the learn-by-doing aspect of improving production. Kaizen methodology includes making changes and monitoring results, then adjusting. Large-scale pre-planning and extensive project scheduling are replaced by smaller experiments, which can be rapidly adapted as new improvements are suggested.

- **Relentless Focus on Customer Satisfaction**

In the game of business customers are the umpires and winning thus lies in their satisfaction. In this era customers have become increasingly demanding, asking for the best quality, lowest possible price and superior service back up. So to win the hearts of their customers, globally-acclaimed companies satisfy customers and in most of the cases delight them by offering fabulous quality, charging surprisingly low prices and providing excellent service. It must be mentioned here that excellent organisations develop excellent relations with their clients and treat them with respect and high esteem.

Strategies for Developing World Class Organisations

Globalisation is a hard reality with which businesses throughout the world, whether big or small, must learn to live. And to successfully live with this reality companies must raise their standards from domestic to international levels, strive for excellence, not only in their own country but in other countries as well.

For any organisation to be truly called a world-class organisation, it must have the desire, will and above all the strategies for reaching that position. Thorough knowledge of the global economy, fanatic obsession with quality, increased focus on employee professionalism, constant self-reinvention, and above all, possession or acquisition of global leaders, are some of the strategies which can give birth to thoroughbred companies, rightly known as world-class organisations.

The following are some of the strategies, which are instrumental in developing best of the best companies:

- **Knowledge of Global Economy**

The first requirement is to acquire knowledge and understanding of the global business environment. It is like swimming – it is one thing to swim in a swimming pool, and quite different from swimming in a deep sea full of ravenous sharks. Today, any business which wants to be a global player must know the nature of the global marketplace. Sound knowledge of different countries and their economies, managing cross-cultural teams, predicting global market upheavals and getting prepared for forecasting them are some of the things which a business must understand, without which it will be impossible to succeed.

- **Obsession with Quality**

Much has been said about quality, and thousands of volumes have been written about this subject, but no matter how much is said and written, quality can never be over-emphasised.

Quality is a dynamic state associated with products, service, people processes, and environments that meet or exceed customers' expectations.

In today's marketplace, quality is one of the greatest weapons, which determines to win. Top companies, no matter what business they are in, are fanatically obsessed with improving the quality of their products and services. They continuously work on improving the quality of their products and services, which is one of the keys to attaining global status.

- **Developing the Most Professional Employees**

The quality of an organisation depends on the quality of its people and their professionalism. One of the best practices of winning organisations is developing the most professional employees through continuous training and development.

One of the biggest misconceptions commonly held by mediocre organisations is that training and development of employees is a non-productive cost. However, experience proves otherwise. A study by Robert Zemesky of the National Centre of Educational Quality and the Workforce found that **employee education produced productivity gains twice as big as did investment in plant or machinery**.

Although corporate training and education programmes do not come cheap, an ill-trained workforce can prove even more expensive. A very healthy trend pioneered by world-class organisations like Motorola (as we saw in the earlier Case Study) and Microsoft is that these companies have started training and development centres, which they call universities. These universities not only train their employees but also award them with formal certificates and degrees, which helps in enhancing employees' self-esteem, as well as their employability.

- **Innovation and Reinvention**

In his book, "Mission Possible: Becoming world-class organisations while there's still Time", Ken Blanchard defined a world class organisation as "an organisation that is working effectively, not just on one curve, or the other, but on both at the same time and learning from them". The two curves described in this definition refer to both the **present as well as future improvement initiatives** undertaken by a company.

Needless to say, a company should strive to improve its present performance continuously, but at the same time, it should also use deliberate strategies so as to reinvent the organisation in the time to come. Thus the end of the present declining curve gets connected to a new curve of new products, services, systems and structures which propel the organisation to grow.

- **World Class Leadership**

Successful organisations are built by effective leaders—leaders who produce outstanding results and high levels of morale. The success of every world-class organisation can be traced back to a leader who possessed world-class leadership qualities.

Current leadership research indicates that there are some significant differences between world-class leaders and their less effective counterparts.

Research conducted by David C. McClelland and others found that what really distinguished top performing leaders was not their behaviour, but their inner motivation - the way they thought about leadership. These high performers held similar beliefs and attitudes about how to lead that subtly affected their behaviours and resulted in more favourable outcomes. In contrast, their less successful counterparts were motivated differently and held other beliefs and attitudes. And, although they behaved similarly, their results were only average. In other words, *inner motivation was the critical, differentiating factor.*

David H. Burnham distinguishes between the traditional or Institutional Leader, and what he calls the Interactive Leader.

He says that in order to understand the InterActive Leader, it may be useful to first understand the original research into leadership and the Institutional Leader.

Burnham starts by describing the organisational environment in which leaders function.

From the 1950s through much of the '80s, the organisational environment had several distinct characteristics:

- People were primarily accountable for their individual results.
- Shared responsibility, in all but the most avant-garde organisations, was virtually unknown.
- Theorists and management consultants urged organisations to provide individual performance feedback, such as "Management by Objectives" (MBO).
- The separation within organisations as a result of functional "chimneys" meant that even senior managers were individually accountable for their functional results.
- Conflicts were to be resolved or negotiated upstairs, and everyone attempted to meet his/her own interests as much as possible.
- New products had long runs, and the rate of change was relatively slow.

In this environment, the key drivers were **efficiency, focus** and **order.**

McClelland's original research into social motivation had identified at least three major motives:

- **Achievement**-the need to perform well at a given task
- **Affiliation**-the need for friendship and close relationships
- **Power**-the need to be involved in influence and influence relationships

Through much of the 80s then, the race was won by organisations that could harness and direct the short-term focused and task-oriented Achievement motive.

Among other factors affecting leadership style were these:

- Organisations were primarily male-dominated
- The promotion was usually equated with some combination of seniority and performance
- For the most part, continuous employment was reasonably assured and expected as long as the individual and the organisation stayed within a set performance and behavioural ranges
- Rewards of all types were typically tied to individual goal accomplishment.

The **Institutional Leader** excelled under these conditions. He (for it was rarely a she) coached others to set individual goals that were directly in line with the arousal of the Achievement motive (i.e., goals that are specific and achievable yet challenging). He was fair and just both in distributing rewards and, when necessary, in administering punishment. He provided a charismatic, inspiring vision to those he managed, and a kind of order that made the long-term direction and future clear to all. As such, he was in a position to make decisions that he viewed as being in the best interest of achieving that vision. If those decisions were made fairly and within that context, no one really questioned them. In fact, employees would become upset when the leader appeared to hesitate or permit contradictory courses of action to occur.

The following beliefs and attitudes surfaced in interviews conducted with Institutional Leaders:

- "My job is to provide answers to others."
- "People need me."
- "Everyone needs a sense of order and certainty, and it is my job to provide it."

Behaviourally, the Institutional Leader was perceived as interpersonally effective. He usually listened well, responded to people's stated and/or unstated concerns, made it clear he would listen to a well-reasoned argument and, if appropriate, change action or decision. In short, he was not an authoritarian boss but an effective coach whose behaviours resulted in high employee morale and excellent performance through the individual arousal of Achievement motivation. As long as he continued to make the "right" decisions (i.e., those that were not later proven to be "wrong"), to produce a vision people could believe in, and to manage with a style that did not violate the norms and values of the prevailing culture, people could follow him. In fact, employees would even be eager to do so.

The key word here is "follow." The Institutional Leader was and is characterized by a commitment to the organisation - a commitment he carries and exemplifies. He perceives it as his responsibility, even obligation, to do what is 'right' for the organisation. Of course, he is pleased when others support this goal, but ultimately this is not a responsibility he shares with his subordinates. Within his group, it is his assumed burden to carry the best interests of the organisation.

Most of the descriptions of the Institutional Leader continue to ring true with leaders today. In fact, research shows that many of them reported very similar beliefs and values, and many led groups whose results were acceptable to their organisations.

However, business leaders are well aware of the wide gap between "acceptable" and "outstanding" performance; this gap can be crucial in competitively distinguishing the winners from the also-rans.

Burnham and McClelland's current research indicates that outstanding performers continue to be strong in the Power motive, but their orientation towards Power has changed.

In the 1970s, the Institutional Leader saw the self as the source of power. In other words, "Leadership is something I do to others."

The new data clearly indicate a change. The new InterActive Leader derives power from others: the team, group or organisation s/he leads. From this perspective, **"Leadership is something I do *with* others."**

This change in orientation has profound implications on the beliefs and assumptions that motivate and drive a leader's behaviours.

The following case study may help to illustrate the nature and significance of this essential difference:

How Inter-Active Leaders Excel: A Case Study

Michael* was an Institutional Leader at one of the plants of a major fresh foods processor. Jill*, his peer, was an Inter-Active Leader. Both of these plant managers had recently taken over facilities that were not particularly effective at achieving company goals and were well below industry benchmarks. Both were determined that their respective plants would not only succeed but would surpass company benchmarks - a really challenging goal.

While both were considered hard-working, "competent" managers, their results diverged sharply over time. After one year, Jill's plant's performance levels and employee morale had increased by roughly the same amount as Michael's. However, years two and three saw Jill's plant surge ahead dramatically in terms of unit costs, profitability, meeting delivery deadlines, and employee morale.

What differentiated them? Burnham says it was "Institutional vs Inter-Active leadership".

Michael quickly announced a vision for his plant to become the company's highest performer; the standard, he announced, would be measured in terms of customer satisfaction, product quality, on-time delivery, and the lowest unit cost. His mission was to provide the highest quality fresh food to the consumer at the lowest possible cost. Michael then convened his management group and gained their endorsement for his vision and mission. He enthusiastically and personally talked with small groups of workers throughout the plant and solicited their input on how to achieve his goals. He freely acknowledged that the plant was now a long way from the new ideal.

Michael led subgroups of his management team - augmented by a cross-functional slice of workers throughout the plant - to identify options for improving customer satisfaction and product quality, meeting delivery deadlines and lowering unit costs.

Performance data was gathered, tracked, and widely disseminated. Options were analysed and chosen, with strong guidance from Michael, as well as broad involvement throughout the process from all levels of plant personnel.

Individual responsibilities were identified and, for each change in the overall process, an individual was held personally accountable for achieving the desired results.

In the year following Michael's appointment as manager, plant performance went from well below to slightly above average, and individuals throughout the plant reported increased job satisfaction.

Michael had clearly improved both performance and satisfaction through the assignment of individual responsibilities and accountabilities, and the frequent and wide dissemination of performance feedback. He had aroused and reinforced the Achievement motive, namely the individual's desire to do better.

Two years later, Michael's plant was still performing at or slightly better than the norm. Although a clear improvement, it was not the highly successful result that leaders who behaved as Michael did would have achieved in the '70s and '80s.

Jill's plant (let's call it Essex) began at a similar, low-performance level. Jill's approach differed from Michael's in some crucial ways. She did not develop a personal vision and a mission for her plant. Instead, she brought groups of people together and asked them the following questions: What was their purpose in working at Essex? Why were they there? What did they hope they and their co-workers could accomplish together and be proud of? She readily acknowledged that she had no predetermined answers to these questions, but emphasised that they needed to shape them together to arrive at something that was meaningful to as many as possible.

During a period of several weeks, she and her management group collected input from virtually everyone at Essex. After long hours of debate, they shaped what they referred to as a "statement of purpose." It reads: "We are committed to providing our customers with fresh foods that they truly want (their emphasis) and are made of the healthiest possible ingredients at the highest possible standards of quality." For the most part, this stated 'purpose' was not very different from Michael's vision and mission. Nevertheless, the essential difference was that Michael emphasised the lowering of unit costs whereas Jill ignored financial criteria altogether. The process, however, was very different. In Michael's plant, involvement began after he, the leader, established direction. After all, it was ultimately his vision and mission even though he actively sought to establish buy-in and collect input. Jill did not attempt to set direction; rather, she initiated a process in which everyone would contribute to or be directly involved in setting the plant's direction.

Another essential difference showed in Michael and Jill's definitions of the leadership role. Michael assumed that if people could not come to an agreement within some reasonable period of time (usually assessed by Michael), then it was his role as leader to provide clarity and direction. So, even though he wanted to arrive at decisions acceptable to everyone, he would intervene fairly often to resolve differences.

On the other hand, Jill believed her role as leader was to ensure that differences were surfaced, and the group found ways to deal with them to their satisfaction. She believed it was rarely her role to resolve differences. In fact, Jill reported in an interview that her 'failure' experiences as a leader were those in which she had acted to decide. She viewed such action as producing short-term comfort for some and long-term dissatisfaction for others, while simultaneously reinforcing the mindset that only the leader holds the responsibility for the overall success of the group.

Instead, Jill insisted that the group keep differences on the table until everyone agreed upon an answer or a way to deal with any difficulty. Essex's statement of purpose reflected this leadership approach. One group argued strongly that since Essex shipped only to supermarkets and had no marketing and sales (those functions were located in corporate), the phrase 'that their customers truly want' would be beyond their control to assess or monitor, and inconsistent with the definition of their business as a production unit. Others argued that the purpose of food preparation was not solely for the monetary benefit of the supermarket's employees or shareholders. Food was necessary to sustain people's health and vitality and to give them pleasure. Therefore, the statement was a critical definition of what constituted real pride in Essex's production. One group or the other was ultimately going to cave in, and both looked to Jill to decide.

Jill responded by saying that she was not sure which group was correct. She agreed with the first group that the plant did not know and had no direct measurement of what the ultimate consumer wanted. She also agreed with the second group that if they could not find real meaning in the plant's sense of purpose, working for Essex would be just a job and no one really wanted to spend his/her life punching a clock.

She pointed out two criteria that had to be met for the group to succeed. First, their purpose had to be attainable by the plant. That is, it had to be under their direct control or indirect influence. Second, the purpose must be genuinely meaningful to a broad cross-section of plant employees. With these in mind, the group returned to work. Eventually, they identified that they could use their broad range of contacts with their supermarket customers and colleagues in corporate marketing to monitor customer response and preferences. In this manner, they would achieve a fair degree of influence on making their purpose (manufacturing products that their customers truly want) a reality. This breakthrough enabled the group to tentatively "close" on the issue at hand.

Jill did not stop there. She gained consensus from the group that before final closure on an agreed-upon purpose, each member would present the purpose to every employee and get his/her feedback. Assignments were duly made, and the group agreed to report back in a week to decide upon the next move. Upon reconvening, they presented lengthy reports and had extended discussions before closing on a statement of purpose. Obviously, this process took considerable time. Michael would have found it inefficient and ineffective, an opinion held by many of Jill's subordinates. However, while Michael's plant appeared to be well on the road to implementing change, he had not addressed any of the long-term problems. On the other hand, Essex now had a shared sense of purpose that belonged to nearly everyone.

We can easily contrast Jill's and Michael's approach to leadership. She trusted that the group could, would, and must craft some meaningful sense of direction in order to succeed. Her role as a leader was not to provide the answer but the framework and the will to lead them there. What happened next was equally telling. She posed these questions to the entire organisation: What must happen to achieve this purpose? How will we know if we are doing so?

As Michael did, Jill involved people throughout the plant; unlike Michael, she did not heavily guide the process or seek to arrive at one ‘right’ answer or plan.

Essex began experimenting with various ways to serve their direct customers and the ultimate consumer more effectively. Jill kept everyone informed about these experiments as she encouraged people to try new things constantly. She frequently emphasised that the only failure is in not trying at all, rather than trying and not succeeding. By the second year, Essex had evolved into a high-performance laboratory of collaborative effort towards achieving the shared purpose. Corporate marketing, viewing Essex as a natural ally and a place to try product innovations, began channelling most of its new efforts through the plant. Customers responded favourably and Essex products’ shelf space expanded as demand grew. Essex was the most successful of the company’s plants by the end of the third year of Jill’s leadership.

This example illustrates several essential differences between the two managers, the most important of which is the shift in the source of power. Michael represents the old-style leader who is, right or wrong, the source of power. Jill is the new style leader who has matured toward relinquishing some power to the collective wisdom of the group.

Jobs today require more complex collaborative efforts in order to succeed. Achievement motivation, which is satisfied by individual work, performance feedback and effort, is increasingly maladaptive to such demands. Achievement-motivated individuals, as McClelland’s research has repeatedly demonstrated, do not require a meaningful sense of purpose to be energised to act. They require goals that are challenging, yet achievable through an individual’s efforts and under his or her own control.

Even sales jobs, the classic role of an Achievement-motivated individual, often do not fit these requirements today. Computer and software system sales, for example, require a team of experts working collaboratively with each other and the prospective customer.

Change has accelerated - the fact that this is clichéd makes it no less true. In today’s hyper-competitive business environment, expertise lasts nanoseconds before something new appears on the horizon. As a result, only well-integrated teams can effectively handle the sheer mass of information and complex problem-solving.

Further, although many still crave the "all-knowing, all-seeing" leader model, beware the leader who attempts to fill those shoes and then stumbles. Those who ask for "strong and decisive leadership" are the first to cry for the leader’s blood! Few of the baby-boomers, later generation X-ers, and fewer still of women and minorities bring with them the assumptions of the old-style hero model of leadership (even when it is dressed up in new democratic clothing).

In addition, information has become widely dispersed and readily, instantly accessible. So managers can no longer credibly plead that they alone have the information necessary to make decisions.

For all these reasons, the age of the Institutional Leader is drawing to a close. Organisations that have recognised this are moving towards structures that are more team-based, collaborative, non-hierarchical, and flexible, in other words, becoming Learning Organisations. Of course, to succeed in this environment, leaders themselves must mature.

MEASURE AND ENCOURAGE WORLD-CLASS EXCELLENCE

Deming Prize

The Deming Prize is Japan's national quality award for industry. It was established in 1951 by the Japanese Union of Scientists and Engineers (JUSE) and it was named after W. Edwards Deming. He brought statistical quality control methodology to Japan after W.W.II.

The Deming Prize is the world's oldest and most prestigious of such awards. Its principles are a national competition to seek out and commend those organisations making the greatest strides each year in quality, or more specifically, TQC.

The prize has three award categories. They are an Individual person, the Deming Application Prizes, and the Quality Control Award for the factory. The Deming Application prizes are awarded to private or public organisations and are subdivided into small enterprises, divisions of large corporations, and overseas companies. There are a total of 143 companies which have won the prize. Only once has the Deming Prize been awarded to a non-Japanese company, namely the Florida Power and Light Company in 1989.

ISO 9000

Hundreds of organisations around the world, representing most industries, have pursued the development and registration of their quality management systems (QMS) to the ISO 9000 series of standards since their release in 1987. The registration process is perceived by many organisations as the first step in their pursuit of world-class performance.

ISO 9000 is a series of five international standards published in 1987 by the International Organisation for Standardisation (ISO), Geneva, Switzerland.

Companies can use the standards to help determine what is needed to maintain an efficient quality conformance system. For example, the standards describe the need for an effective quality system, for ensuring that measuring and testing equipment is regularly calibrated and for maintaining an adequate record-keeping system. ISO 9000 registration determines whether a company complies with its own quality system.

Baldrige Award

The Baldrige Award was established in 1987 to promote quality awareness, understand the requirements for quality excellence, and share information about successful quality strategies and benefits.

The Baldrige **performance excellence criteria** are a framework that any organisation can use to improve overall performance.

Seven categories make up the **award criteria:**

- **Leadership**

Examines how senior executives guide the organisation and how the organisation addresses its responsibilities to the public and practices good citizenship.

- **Strategic planning**

Examines how the organisation sets strategic directions and how it determines key action plans.

- **Customer and market focus**

Examines how the organisation determines requirements and expectations of customers and markets; builds relationships with customers; and acquires, satisfies, and retains customers.

- **Measurement, analysis, and knowledge management**

Examines the management, effective use, analysis, and improvement of data and information to support key organisation processes, as well as the organisation's performance management system.

- **Human resource focus**

Examines how the organisation enables its workforce to develop its full potential and how the workforce is aligned with the organization's objectives.

- **Process management**

Examines aspects of how key production/delivery and support processes are designed, managed, and improved.

- **Business results**

Examines the organisation's performance and improvement in its key business areas: customer satisfaction, financial and marketplace performance, human resources, supplier and partner performance, operational performance, and governance and social responsibility. The category also examines how the organisation performs relative to competitors.

- **Eight Critical Factors for achieving excellence according to Baldrige**
- A plan to keep improving all operations continuously
- A system for measuring these improvements accurately
- A strategic plan based on benchmarks that compare the company's performance with the world's best
- A close partnership with suppliers and customers that feeds improvements back into operations
- A deep understanding of the customers so that their wants can be translated into products
- A long-lasting relationship with customers, going beyond the delivery of the product to include sales, service, and ease of maintenance
- A focus on preventing mistakes rather than merely correcting them
- A commitment to improving quality that runs from the top of the organisation to the bottom

These criteria are used by thousands of organisations for all kinds of self-assessment and training interventions and as a tool to develop performance and business processes.

For many organisations, adhering to these criteria results in:

- Better employee relations
- Higher productivity
- Greater customer satisfaction
- Increased market share
- Improved profitability.

According to a report by the Conference Board, a business membership organisation, "A majority of large U.S. firms have used the criteria of the Malcolm Baldrige National Quality Award for self-improvement, and the evidence suggests a long-term link between use of the Baldrige criteria and improved business performance."

- **How does the Baldrige Award differ from ISO 9000?**

The purpose, content, and focus of the Baldrige Award and ISO 9000 are very different. The Baldrige Award was created by Congress in 1987 to enhance U.S. competitiveness. The award program promotes quality awareness, recognises quality achievements of U.S. organisations, and provides a vehicle for sharing successful strategies. The Baldrige Award criteria focus on results and continuous improvement. They provide a framework for designing, implementing, and assessing a process for managing all business operations.

Overall, ISO 9000 registration covers less than 10 percent of the Baldrige Award criteria.

- **Is the Baldrige Award a U.S. version of Japan's Deming award?**

The basic purposes of both awards are the same: to promote recognition of quality achievements and to raise awareness of the importance and techniques of quality improvement.

However, the Baldrige Award:

- Focuses more on results and service
- Relies upon the involvement of many different professional and trade groups
- Provides special credits for innovative approaches to quality
- Includes a strong customer and human resource focus
- Stresses the importance of sharing information.

dti Business Awards

The dti Business Awards, the successor to the President's Award for Export Achievement, have attracted more than 2 000 entries annually across a range of large and small enterprises throughout South Africa since their inception in 2002.

Excellence is recognised across various categories, encompassing manufacturing, supply chain management, job creation and retention, export achievement, corporate governance, partnership and collaboration, and innovative enterprise financing.

Analysing Current Practices in a Unit

Best Practice is an ongoing commitment to change and improve in order to deliver the best possible performance. It identifies activities, procedures and innovations that can create a positive impact on your business. Best Practice is based on the concept of learning from others' experience and keeping up to date with your industry.

Best Practice methods need to be applied to all aspects of your business. Strategies can apply to customer and supplier relationships, financial matters, employee and industrial relations, production processes and waste management.

Use Benchmarking to Improve the Performance of Your Organisation

Benchmarking is the process of measuring against and improving the products, service and practices of your toughest competitors or those organisations regarded as leaders in a particular practice or business area. Its goal is to reinvent operations to achieve significantly better performance and is best accomplished as part of a restructuring or re-engineering process. If you want to be the best-of-the-best in your field, benchmarking can help.

The following steps are suggested:

Step 1: Identify what you want to benchmark

Know your field of concern and the areas in need of improvement in your organisation.

Step 2: Identify the leaders in that field

The organisation identified as providing the benchmark need not be a competitor. In fact, it is possible that the organisation will be operating in a different field. You can identify leaders in your field of expertise through observation, word-of-mouth, reading or published surveys. For example, Xerox identified American Express as providing the benchmark for effective and professional telephone service.

Step 3: Set realistic targets

Being the "best" is not an absolute. You need to:

- **Formulate criteria** that define the "best."
- **Define measures** that can be used to compare companies to determine the "best."
- Find companies that meet your criteria, and that appear to be the best performers to defined measures

Step 4: Collect the information / data

Some organisations would be flattered to know that they have been selected as providing a benchmark and may invite you to send an individual or a small group on a fact-finding mission. Alternatively, the key people in the organisation identified may agree either to be interviewed or to respond to a simple survey or questionnaire.

Step 5: Plan the process to overcome the gap

The key is to learn and discover why some operations are better, why some are worse and how both got that way. Having gathered your information, develop plans and decide on schedules to enable you to implement the Best Practice throughout your organisation, by continuous improvement. Update the stakeholders on the progress of the implementation often.

Introducing Best Practice strategies into your business unit can have many benefits, such as:

- Becoming more competitive
- Increasing sales and developing new markets
- Reducing costs and becoming more efficient
- Improving the skills of your workforce
- Using technology more effectively
- Reducing waste and improving quality
- Responding more quickly to innovations in your sector

COMPARE CURRENT PRACTICES IN A UNIT WITH BEST PRACTICE

The link between Best Practice Guidelines and Company Policies and Procedures

From our definition of Best Practices, we found that:

Best Practices are established conditions representing excellence or a set of ideals sought after to help improve the effectiveness of the organisation in the marketplace.

We know that a **Policy** is a general statement designed to guide employees' actions in **recurring situations**. A policy can be described as a **plan of action to guide decisions and actions**. The policy process includes the identification of different alternatives, such as programmes or spending priorities, and choosing among them on the basis of the impact they will have. Policies can be understood as political, management, financial, and administrative mechanisms arranged to reach explicit goals.

A **Procedure** is a **series of steps or instructions, describing a way of doing things**. It is a specification of the series of actions, acts or operations which have to be executed in the same manner in order to obtain always the same result in the same circumstances (for example, emergency procedures). It can also indicate a sequence of activities, tasks, steps, decisions, calculations and processes, that when undertaken in the sequence laid down produces the described result, product or outcome. A procedure usually induces a change. Procedure may also refer to:

- Instructions or recipes, a set of commands that show how to prepare or make something
- The surgical procedure, in medicine, treating diseases through an operation

- Legal procedure, in law, the body of law and rules used in the administration of justice in the court system
- Parliamentary procedure, in government, the process used for decision making by a legislative assembly

In order to implement Best Practices in any organisation, we would have to ensure that the relevant policies and procedures used in the organisation support the Best Practices.

Techniques for Analysing Policies, Processes and Practices against Best Practice

A Best Practice is simply a **process or a methodology that represents the most effective way of achieving a specific objective**. Some people prefer to use the term 'good practice', as in reality it is debatable whether there is a single 'best' approach – and of course, approaches are constantly evolving and being updated. So, another way of defining a Best Practice is one that has been proven to work well and produce good results and is therefore recommended as a model.

Much of Best Practice knowledge is tacit - held in people's heads and not always easy to document. Therefore, most Best Practice programmes combine two key elements:

- **Explicit knowledge** such as a Best Practices database (connecting people with information)
- **Methods for sharing** tacit knowledge such as communities of practice (connecting people with people).

These two approaches are complementary. A database can provide enough information for a potential user of the Best Practice to find it and decide if it is worth pursuing further. However, the best way of sharing Best Practices is 'on the job', and consequently, personal contact with others who have used the Best Practice is the key.

The essence of identifying and sharing Best Practices is to learn from others and to re-use knowledge. Effective sharing of Best Practices can help organisations to:

- Identify and replace poor practices
- Raise the performance of poor performers closer to that of the best
- Avoid reinventing the wheel
- Minimise re-work caused by the use of poor methods
- Save costs through better productivity and efficiency
- Improve services to customers

Best Practice programmes are most appropriate in organisations where processes are quite well developed and where a certain amount of knowledge and experience has been accumulated. They are most useful where an organisation has several units or people performing similar tasks, but who are widely dispersed and so do not tend to learn from one another through day-to-day contact.

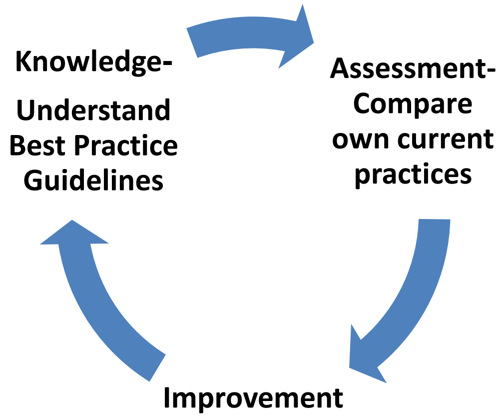
Identify Best Practice Guidelines

There are three distinct **stages** in identifying Best Practice guidelines:

Stage 1: **Understanding** the Best Practice guidelines so that you can do a self-assessment in your organisation of how you do the specific practice.

Stage 2: **Comparing** the current way that you (organisation) are doing things with the Best Practice guidelines

Stage 3: **Developing** an improvement or implementation plan to change how the organisation is doing things, to a better / improved way of doing things.



Six Step Approach to Identifying and Sharing Best Practices

David Skyrmerecommends a 6-step approach to identifying and sharing Best Practices. The overall approach is aimed at documenting the essential features of a Best Practice, giving pointers to relevant experts in that practice, deducing general guidelines, diffusing basic knowledge, and using subject matter experts to apply and adapt the practices in a new context.

The key steps are as follows:

Step 1: **Identify users' requirements**

This step may sound obvious, but it is not uncommon for someone given the task of capturing Best Practices to start by designing a database when this is actually a case of putting the cart before the horse. Rather start by considering where you can really add value. Determine which areas of the organisation need attention because of poor performance or difficult challenges. Who can most benefit from better knowledge and understanding of Best Practices? How will they access and use them?

Step 2: Discover good practices

There are various methods of identifying Best Practices. One approach is to look at who is producing excellent results and is therefore likely to be using good practices. Having discovered these people, you will then need to discern which parts of the overall approach or methods being used are actually good practice. This is best done by people knowledgeable in the relevant practices, such as subject matter experts, internal auditors, consultants and peers.

A range of alternative approaches for identifying Best Practices can be found within various knowledge management tools. These include:

- **After action reviews (AAR)**- a discussion of a project or an activity that enables the individuals involved to learn for themselves what happened, why it happened, what went well, what needs improvement and what lessons can be learned from the experience. The spirit of an AAR is one of openness and learning - it is not about problem fixing or allocating blame. Lessons learned are not only tacitly shared on the spot by the individuals involved, but can be explicitly documented and shared with a wider audience

- **Knowledge harvesting** - an approach that allows the tacit knowledge or know-how of experts and top performers in an organisation to be captured and documented. This know-how can then be made available to others in various ways such as through training programmes, manuals, Best Practices and knowledge management databases

- **Exit interviews** - Traditionally, exit interviews are conducted with employees leaving an organisation. The purpose of the interview is to provide feedback on why employees are leaving, what they liked or didn't like about their employment and what areas of the organisation they feel need improvement. Exit interviews are one of the most widely used methods of gathering employee feedback, along with employee satisfaction surveys

- Don't necessarily limit your search to only include practices within your organisation; much can be learned from the practices of other organisations in your field, or even organisations in other industries. Use **benchmarking** as a method of doing research outside of the organisation. (We will deal with benchmarking in more detail later)

- **Communities of Practice (CoP)** - a network of people who share a common interest in a specific area of knowledge or competence and are willing to work and learn together over a period of time to develop and share that knowledge. The concept of a **community of practice** refers to the process of social learning that occurs when people who have a common interest in some subject or problem collaborate over an extended period to share ideas, find solutions, and build innovations. Communities of Practice have become associated with knowledge management as people have begun to see them as ways of developing social capital, nurturing new knowledge, stimulating innovation, or sharing existing tacit knowledge within an organisation. It is now an accepted part of organisational development (OD).

Step 3: Good Document practices

Best Practice descriptions are usually kept in a database in a standard format. A typical template might include the following sections:

- **Title** – short descriptive title; this can be accompanied by a short abstract.
- **Profile** – several short sections outlining processes, function, author, keywords, etc.
- **Context** – where is this applicable? What problems does it solve?
- **Resources** – what resources and skills are needed to carry out the Best Practice?
- **Description** – what are the processes and steps involved? Improvement measures – are there performance measures associated with this practice?
- **Lessons learned** – what proves difficult? What would the originators of the practice do differently if they were to do it again?
- **Links to resources** – experts contact details, workbooks, video clips, articles, transcripts of review meetings.
- **Tools and techniques** used.

The aim at this stage is not to describe the Best Practice in great detail, but to give enough information to allow users of the database to decide whether it matches their needs and where they can find further information. A key consideration is how you organise and classify the information in your database so that users can readily find what they need.

Step 4: Validate Best Practices

A practice is only ‘good’ or ‘best’ if there is a demonstrable link between what is practised and the end result. In most organisations and especially in areas where practices are constantly evolving, the rigorous cause-and-effect analysis is impracticable. Hence a degree of subjective judgement is needed as to what constitutes ‘best’. A common approach is to have a panel of reviewers comprising internal and external subject experts and peers, who evaluate a potential Best Practice against their knowledge of the existing practice. It is equally important to ensure that you seek input and feedback from customers, i.e. the ultimate beneficiaries of the Best Practices.

Step 5: Disseminate and apply

While a database of Best Practices is a useful starting point, most organisations find it essential to complement this with face-to-face knowledge sharing about those Best Practices. This is where the real value is added. Not only does it help the recipient dig beneath the explicit knowledge and gain more in-depth insights, but it can also provide a two-way benefit in that dialogue between the conveyor of Best Practice knowledge, and the recipient can enrich the knowledge of both.

Common ways of sharing Best Practice knowledge include:

- Communities of Practice
- Improvement groups or quality circles in which teams within an organisation meet regularly to discuss ways of improving a process
- Visits to other departments or organisations with good performance
- Organised learning events, such as share fairs that bring people together to share specific knowledge and experience
- Job secondments or exchanges, etc.

Step 6: Develop a supporting infrastructure

To successfully implement a Best Practice programme, you need to ensure you have the required infrastructure in place. This infrastructure is often developed as part of a wider knowledge management strategy.

Typically, several generic aspects need attention:

- The people to facilitate and drive the process through its initial stages, until it becomes embedded in the organisation's ways of working (e.g. a Best Practices team, or a network of Best Practices co-ordinators)
- The technical infrastructure for document sharing and databases
- The content management infrastructure to ensure that Best Practices are documented and classified electronically in a way that makes them easy to find

Analyse Current Operating Practices

Implementing Best Practice methods will help most businesses improve their operations. It isn't always obvious where to introduce Best Practice improvements, so a benchmarking study can be extremely helpful.

Some areas that may require improvement are:

- Quality management
- Stock control
- Supply chain management
- Purchasing and ordering processes
- Information management
- Product distribution
- Customer service
- Human resources management
- Packaging design and processing

- Marketing and public relations
- Administration processes
- Staff training
- Technology use

Once you identify certain areas of your business that can be improved, assess which areas are the most important to your business success. For instance, is it more important to improve the efficiency of distribution or to increase production levels?

Not everything will need to be improved. Some carefully selected changes will greatly impact on the overall performance of your business.

As you implement some changes, monitor the changes and the impact on your customers and business. Refine and adjust these changes as you notice more improvement possibilities.

Constant improvements allow for your business to stay competitive and gain the edge. However, waiting until you have problems may well be too late for implementing Best Practice methods and improvements.

To analyse current operating practices in your department or organisation, you need to:

- Benchmark current performance against Best Practice
- Describe the current product or service reliability and compare it with internal and external customer expectations
- Identify the best opportunity for maximum gain for the organisation
- Present recommendations for implementation to stakeholders for their buy-in and authorisation

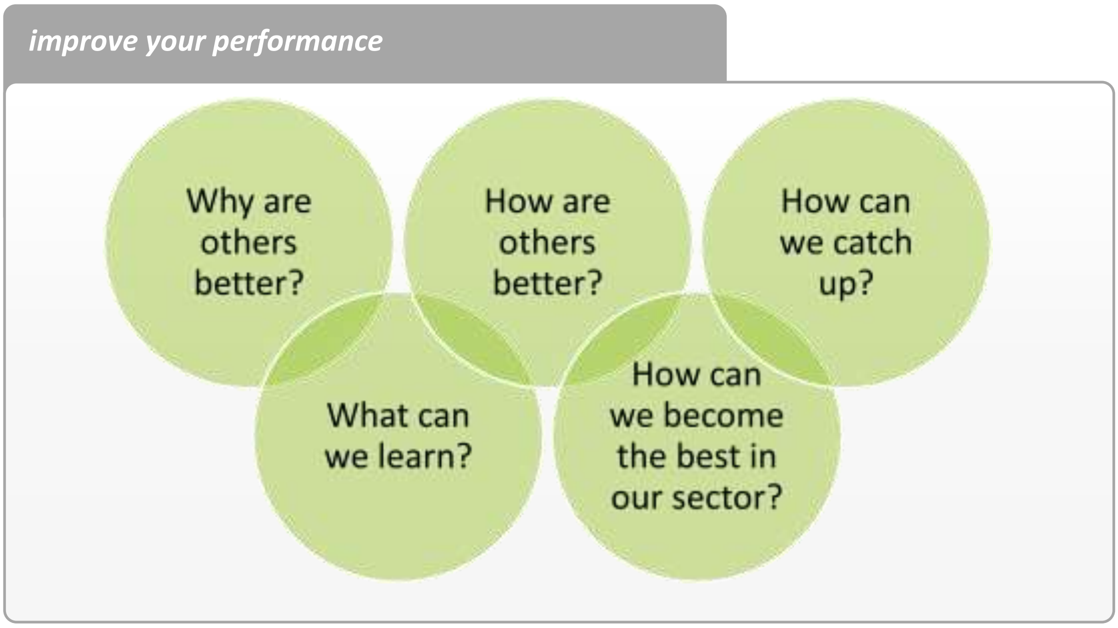
Benchmark Current Performance

"Best practice benchmarking" or "process benchmarking" or simply "benchmarking" is a process used in strategic management, in which organisations evaluate various aspects of their processes in relation to best practice, usually within their own sector. This then allows organisations to develop plans on how to adopt such best practice, usually with the aim of increasing some aspect of performance. Benchmarking may be a one-off event but is often treated as a continuous process in which organisations continually seek to challenge their practices.

Benchmarking is a powerful management tool because it overcomes "paradigm blindness." Paradigm Blindness can be summed up as the mode of thinking, "The way we do it is the best because this is the way we've always done it."

Benchmarking opens organisations to new methods, ideas and tools to improve their effectiveness. It helps crack through resistance to change by demonstrating other methods of solving problems than the one currently employed and demonstrating that they work because they are being used by others.

Benchmarking is the process of finding and adapting Best Practices to improve organisational performance. Benchmarking refers to comparing your organisation or services with others. Of course, you can blow your own trumpet and compare yourself with organisations which do worse. In fact, that might be helpful in identifying your strengths and subsequently building your service on these strong pillars. But to really improve your performance, you have to ask yourself:



Benchmarking Case Study

A company called Business Logistics were contacted by a food product manufacturer to find ways to reduce freight transportation costs. The client was very concerned about retaining high service quality and did not want to sacrifice service quality for reduced freight charges

Business Logistics conducted a **freight cost benchmarking process**, a step that involved comparing the client's freight costs to those of other companies using similar transportation resources with similar service requirements.

Their findings were that the client had the potential to significantly reduce freight costs by using other carriers and other shipment modes that would still provide the kinds of service quality desired by the client. They received the client's approval to conduct freight rate negotiations with its existing carriers as well as with new carriers that they were able to introduce.

After extensive freight rate negotiations, they renegotiated the client's carrier contracts and achieved a savings of approximately 19% for the client. They also established standard operating procedures with the client's carriers to assure that the client's service quality requirements were fully understood and that the carriers would meet them. These procedures included steps for the carriers to take to initiate remedial action in the event that pending service failures were identified in order to maintain high service quality. Total client freight savings exceeded R1 000 000 per year.

With whom can you compare your own organisation? Obviously, many government services have no competitors in their own country, or some private companies are the unique provider of a product. But even if competition exists, the question would be: which are the right organisations to use as a comparison?

Benchmarking can be conducted in different ways. The organisations to benchmark against could be:

- **Direct competitors** in the same country - companies or organisations offering the same product or service (i.e. a government catering institution could compare itself with the local branch of a big fast-food chain),
- **Similar companies** or organisations in other countries,
- **Indirect competitors** (i.e. companies or organisations offering a related product or service, being part of another sector. For example, a public provider of an agricultural extension could compare itself with an extension service of the chemical industry)
- **Other successful institutions** or companies (i.e. a ministerial department could compare itself with a chamber of commerce).

Comparing yourself with the same sector might be difficult in some situations, where a provider has a monopoly on its service or product, or the competitors' standards might be worse. Although more difficult, the process of comparing yourself with other sectors is a creative one. You have to find patterns which can be compared. And you might get totally new ideas. For example, hospitals in many countries (including the US, the UK and Germany) now are forced to compete with each other and to attract their 'clients' (i.e., the patients). As a consequence, many hospitals start to market their services in a way that is similar to private service providers. For example, they start to implement the idea of customer orientation, they introduce new forms of teamwork, and they promote themselves on the Internet.

Benchmarking is a process that takes time. Depending on the subject and the information available, a benchmarking activity might run over three months up to one year. It should be repeated after a certain time period, and the impact needs to be monitored.

EVALUATE CURRENT PRODUCT / SERVICE RELIABILITY

You can measure your company's performance against a wide range of criteria and industry sectors, giving you a comprehensive view of your company's performance levels and what your priorities for action should be in the future.

Measure Customer Focus

Good customer service benefits your business in a number of ways:

- Reduced costs of running the business
- Reduced marketing costs
- Increased customer retention rates

- Increased staff and job satisfaction
- Increased profits
- Service becomes a competitive advantage

Good customer service relies upon:

- **Reliability** - providing consistently good service
- **Quality of performance** - making sure you do things as well as or better than your competitors
- **Worthwhile outcomes** - ensuring that what you do is of value to the customer and achieves what they want

Customer service is an important aspect of the business, as it can bring customers back again and again, or send them and their friends away.

By combining customer service, marketing and quality, you can build good relationships with your customers that will last beyond a single sale.

Once you have customers, you need to understand what is important to them in terms of service and how you can meet those expectations. By measuring your customer service against those expectations, you can improve your service and increase the profitability of your business.

Key performance indicators

KPIs are measurable factors that can significantly affect customer satisfaction. KPIs vary between organisations but must reflect the organisation's goals, be quantifiable (i.e. measurable) and be essential to the business' success.

By tracking KPIs, you can quickly judge if you are satisfying customer needs and adjust things as required.

Some KPIs you may track for your business unit include:

- The number of queries received
- The number of complaints received
- Staff turnaround times
- How often customers are contacted each month
- The average time is taken to complete orders
- The proportion of responses to marketing programs
- Percentage of phone calls answered within one minute
- Number of new clients during the year

- The proportion of income generated through return clients
- Sales figures on specific products
- Number of faulty goods returned
- Sales renewal rates

When choosing the KPIs to track, consult with customers and staff regarding important issues related to your business unit. Remember that you are measuring how well you are doing against customer expectations, not comparing results against time or existing standards.

Bear the following in mind when measuring customer service levels:

- KPIs, such as income generated, and number of phone calls received, are easily measured in the normal course of business

- For other KPIs, measurement is less clear, e.g. determining how you are measuring up in certain specific areas, i.e. a number of customer complaints resolved within a certain period and may require responses from customers to assess how your business is meeting those expectations. This can be done through surveys, feedback forms, asking customers directly and staff surveys.

- Benchmarking is another tool in determining your customer service levels. This is simply comparing your service with that of your competitors and others in your industry.

- Measuring KPIs should be an ongoing process, not something left as an annual activity - the sooner you fix any problems, the happier your customers will be, and it may be that only a very small change is required.

Measuring various aspects of customer service in your business unit is only the first step. The results from the measurements need to be analysed to see how things can be improved.

- Good customer service programs include a process for improving customer service and business operations through information gathered about customer expectations and perceptions.

- Research carried out by Xerox showed that a customer satisfaction level of 70-80% would not guarantee a customer would return. These customers were five times more likely to use a competitor than a customer giving a 100% rating. A score of 100% is your ideal.

- Even where customers are satisfied, they may still have some constructive comments that can be used to improve your customer service. By continually measuring and improving your service, you will find that people will return as loyal customers.

Measure Quality

Quality is essentially the test of what was provided against what was required and is judged from the eyes of the receiver rather than the producer. Quality isn't about perfection, measurement, standards or even procedures – it's about meeting a particular outcome.

Customer satisfaction is the only real measure of acceptable quality in business. By satisfying customers, you have understood customer needs and wants and are also supplying goods or services of an acceptable standard.

The essence of managing quality is first to understand exactly what the client's perception of quality is. This requires you to dig deeper than just saying "high quality. Once you have that understanding, you can put a plan in place (consisting of quality control and quality assurance activities) to ensure that you meet the client's expectations.

What clients want in terms of product quality:

- Reliable (performs as expected)
- Easy to use
- Easy to maintain when completed
- Available when needed
- Flexible for future needs
- Good value for dollars spent
- Intuitive / easy to understand
- Secure
- Well documented
- Minimally defective
- Responsive
- A match to client needs

What clients want in terms of service quality:

- Responsive (you get back to the client quickly)
- Competent
- Accessible
- Courteous
- Good communicators
- Credible
- Knowledgeable of the client business
- Reliable (you do what you say)

Effective quality management in your business will enable you to consistently satisfy your customers and increase the chances of your business succeeding.

Quality management consists of quality control, quality improvement and quality assurance.

In engineering and manufacturing, quality control and quality engineering are involved in developing systems to ensure products or services are designed and produced to meet or exceed customer requirements.

Quality Assurance covers all activities from design to development, production, installation, servicing and documentation.

QA introduced the rules: "fit for purpose" and "do it right the first time". It includes the regulation of the quality of raw materials, assemblies, products and components; services related to production; and management, production, and inspection processes.

One of the most widely used paradigms for QA management is the PDCA (Plan-Do-Check-Act) approach, also known as the Shewhart cycle.

A valuable process to perform on a whole consumer product is failure testing, the operation of a product until it fails, often under stresses such as increasing vibration, temperature and humidity. This exposes many unanticipated weaknesses in a product, and the data is used to drive engineering and manufacturing process improvements.

Many organisations use statistical process control to bring the organisation to Six Sigma levels of quality, in other words, so that the likelihood of an unexpected failure is confined to six standard deviations on the normal distribution. This probability is less than four one-millionths. Items controlled often include clerical tasks such as order-entry as well as conventional manufacturing tasks.

Traditional statistical process controls in manufacturing operations usually proceed by randomly sampling and testing a fraction of the output. Variances of critical tolerances are continuously tracked, and manufacturing processes are corrected before bad parts can be produced.

During the 1980's, the concept of "company quality" with the focus on management and people came to the fore. It was realised that, if all departments approached quality with an open mind, success was possible if management led the quality improvement process. The company-wide quality approach places emphasis on three aspects:

- Elements such as controls, job management, adequate processes, performance and integrity criteria and identification of records
- Competence such as knowledge, skills, experience, qualifications

- Soft elements, such as personal integrity, confidence, organisational culture, motivation, team spirit and quality relationships.

The approach to quality management given here is therefore not limited to manufacturing, but can be applied to any business activity:

- Design work
- Administrative services
- Consulting
- Banking
- Insurance
- Computer software
- Retailing
- Transportation

It comprises a quality improvement process, which is generic in a sense it can be applied to any of these activities, and it establishes a behaviour pattern, which supports the achievement of quality.

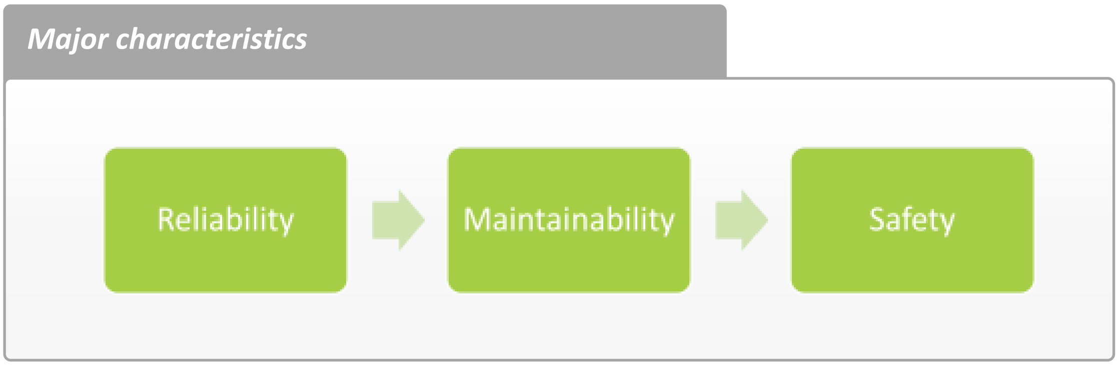
This, in turn, is supported by quality management practices which can include a number of business systems and which are usually specific to the activities of the business unit concerned.

In manufacturing and construction activities, these business practices can be equated to the models for quality assurance defined by the International Standards contained in the ISO 9000 series and the specified Specifications for quality systems.

Total Quality Control is the most necessary inspection control of all in cases where, despite statistical quality control techniques or quality improvements implemented sales decrease.

The major problem which led to a decrease in sales was that the specifications did not include the most important factor, "What the customer required".

The major characteristics ignored during the search to improve manufacture and overall business performance was:



As the most important factor had been ignored, a few refinements had to be introduced:

- Marketing had to carry out their work properly and define the customer's specifications.
- Specifications had to be defined to conform to these requirements.
- Conformance to specifications, i.e. drawings, standards and other relevant documents, were introduced during manufacturing, planning and control.
- Management had to confirm all operators are equal to the work imposed on them and holidays, celebrations and disputes did not affect any of the quality levels.
- Inspections and tests were carried out, and all components and materials, brought in or otherwise, conformed to the specifications, and the measuring equipment was accurate, this is the responsibility of the QA/QC department.
- Any complaints received from the customers were satisfactorily dealt with in a timely manner.
- Feedback from the user/customer is used to review designs.
- If the original specification does not reflect the correct quality requirements, quality cannot be inspected or manufactured into the product.

Implementing quality management into your business requires a series of steps and processes, each one carefully designed and controlled.

Therefore, to implement quality management into your business, consider the following steps:

- Determine customer needs and expectations
- Determine key areas of your business
- Develop and maintain a management system
- Design products and services with features that reflect customer needs
- Quality control products before distribution to customers

- Discover and eliminate undesirable features in products and services
- Find less expensive solutions to customer needs
- Make operations more efficient and effective
- Discover how to value-add for customers
- Keep all promises and commitments, regardless of the cost to you
- Produce procedures and manuals to document the process
- Assign responsibility for quality management to specific people in your business
- Check the system regularly both informally and through audits
- Modify the system as required

Effective quality management is an important aspect of **reducing risks** to your business. For example:

- Effective processes will produce good quality items so there will be less risk of returns and repairs
- Customers will be happy and may return and recommend your business
- Increased efficiency will reduce overheads and reduce the risk of financial problems
- Excellent customer relations reduces the risk of complaints
- Safe processes prevent injuries and other disasters

Part of quality management is **auditing** the processes to ensure quality levels are maintained.

Quality audit means a systematic, independent examination of a quality system. Quality audits are typically performed at defined intervals and ensure that the institution has clearly-defined internal quality monitoring procedures linked to effective action. The checking determines if the quality system complies with applicable regulations or standards.

The process involves assessing the standard operating procedures (SOP's) for compliance with the regulations, and also assessing the actual process and results against what is stated in the SOP.

Every organisation should define comprehensive procedures by which its products or services can be delivered consistently to the desired level of quality. Maximum quality is rarely the desired objective since it can cost too much and take too long. The average product or service provides a sensible compromise between quality and cost. There is also a legitimate market for products that are low cost and low quality.

Standards authorities do not seek to make that business judgement and enforce it upon businesses, except where certain minimum standards must be met (e.g. all cars must have seat belts that meet minimum safety standards, but there is no attempt to define how elegant or comfortable they should be).

The principle is that each organisation should create thorough, controlled procedures for each of its processes. Those procedures should deliver the quality that is sought. The Quality Audit, therefore, only needs to ensure that procedures have been defined, controlled, communicated and used. Processes will be put in place to deal with corrective actions when deviations occur. This principle can be applied to continuous business process operations or recurring project work.

- External auditors can be hired, but this may be too costly for a small business to do very often. Carefully selected internal auditors are highly effective at keeping the systems up to date and in running order.
- Selecting staff across the business is suggested to be more effective than having a distinct auditing section. Doing so allows an understanding of the quality management process throughout the business, provides an opportunity for different sectors to audit one another and takes away the 'us and them' attitudes.
- Further, it is more effective if auditors are not part of the management. This makes it clear that evaluation is of the system rather than employees.

Well-trained auditors will foster the concept that internal audits are conducted to add value to the business, not to find fault with the person or function being audited.

IDENTIFY BEST OPPORTUNITIES FOR MAXIMUM GAIN FOR A UNIT

Once you have completed the analysis of the current performance indicators in your organisation and done the benchmarking, you will be able to identify the gaps in performance in your organisation.

Once a gap in performance has been identified, you need to evaluate all the potential remedies to close the performance gap. You need to measure the possible remedies against the best opportunity for maximum gain for the organisation.

When identifying opportunities for maximum gain, it is important to understand the general business process management principles.

General Business Process Management Principles

- Change only happens through the change of practices.

- Every business has unique characteristics embedded in the core processes that help it achieve its goals and create competitive advantage. If a competitor can easily replicate characteristics of a company's business processes, then the company cannot sustain its market differentiation and competitive advantage.

- People learn by seeing cause and effect. Processes with long cycle times seriously impede learning because of the time lag between cause and effect. Thus, short cycle times are critical for organisational improvement.

- An efficiently running process that produces little business benefit is as ineffective as a process that rarely works, even when applied to the right business problem. When organisations focus on improving the right business processes, they gain power over competitive forces.

- When you start to think about which processes to optimise first, understand which processes are central to the execution of your organisation's business strategy. Select a core process that is most likely to help the company establish a source of market differentiation and create a sustainable competitive advantage.

Do an Impact Analysis

When things change in an organisation, confusion and disruption often follow. Impact Analysis is a brainstorming technique that helps you think through the full impact of a proposed change. As such, it is an essential part of the evaluation process for major decisions.

More than this, it gives you the ability to spot problems before they arise so that you can develop contingency plans to handle issues smoothly.

Impact Analysis is a technique designed to unearth the "unexpected" negative effects of a change in an organisation. It provides a structured approach for looking at a proposed change so that you can identify as many of the negative impacts or consequences of the change as possible. Firstly, this makes it an important tool for evaluating whether you want to run a project. Secondly, and once the decision to go ahead has been made, it helps you prepare for and manage any serious issues that may arise.

The challenge in conducting an Impact Analysis is firstly to capture and structure all the likely consequences of a decision; and then, importantly, to ensure that these are managed appropriately.

For smaller decisions, it can be conducted as a desk activity. For larger or riskier decisions, it is best conducted with an experienced team, ideally, with people from different functional backgrounds within the organisation- you're much more likely to spot all of the consequences of a decision that if you conduct the analysis on your own.

To conduct an effective Impact Analysis, use the following steps:

Step 1: Prepare for Impact Analysis:

The first step is to gather a good team, with access to the right information sources. Make sure that the projector solution proposed is clearly defined, and that everyone involved in the assessment is clearly briefed as to what is proposed and the problems that it is intended to address.

Step 2: Brainstorm Major Areas Affected:

Now brainstorm the major areas affected by the decision or project and think about whom or what it might affect.

You may want to use the following different approaches as starting points for identifying the areas that apply to you:

A. Organisational Approach

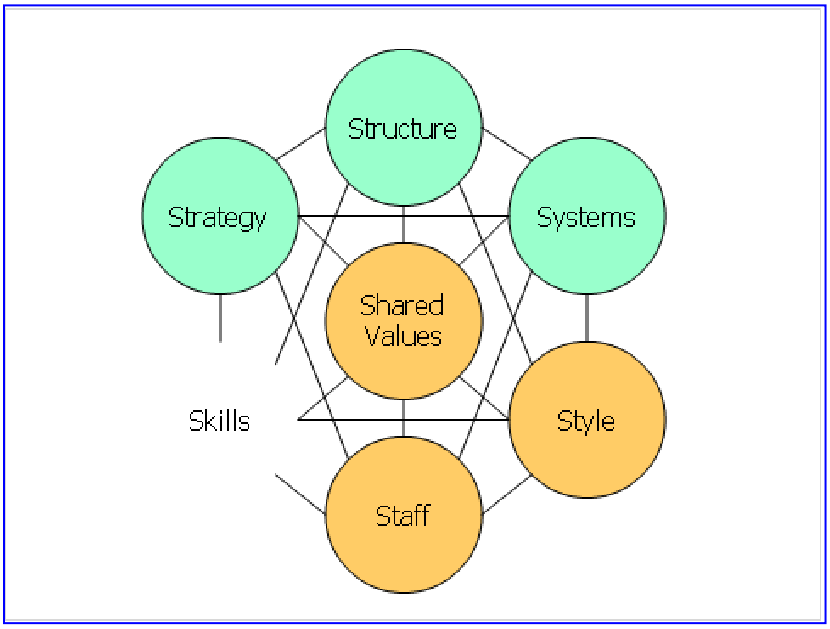
- Impacts on different departments
- Impacts on different business processes
- Impacts on different customer groups
- Impacts on different groups of people.

B. "McKinsey 7-S" Approach

Use the "McKinsey 7-S" approach to think about the things that are important to an organisation:

Diagnostic Model for Organisational Effectiveness

The model starts on the premise that an organisation is not just Structure, but consists of seven elements:



- **Strategy**-Actions, a company, plans in response to, or in anticipation of changes in its external environment

- **Structure**-Basis for specialisation and co-ordination influenced primarily by strategy and by organisation size and diversity

- **Systems**-Formal and informal procedures that support the strategy and structure

- **Shared Values** -Guiding concepts, fundamental ideas around which a business is built (must be simple, usually stated at an abstract level, have great meaning inside the organisation, even though outsiders may not see or understand them)

- **Skills**-The distinctive competencies: what the company does best, ways of expanding or shifting competencies

- **Style**-The culture of the organisation, consisting of two components:

- **Organisational Culture**: the dominant values and beliefs, and norms, which develop over time and become relatively enduring features of organisational life.

- **Management Style**: more a matter of what managers do than what they say (How do a company's managers spend their time? What are they focusing attention on?) Symbolism (the creation and maintenance, or sometimes deconstruction of the meaning) is a fundamental responsibility of managers

- **Staff** -The people/human resource management: processes used to develop managers, socialisation processes, ways of shaping basic values of the management cadre, ways of introducing young recruits to the company, ways of helping to manage the careers of employees

These seven elements are differentiated into the so-called hard S's and soft S's. The hard elements (green circles) are easy to identify and define. They can be found in strategy statements, corporate plans, organisational charts and other documentation.

The four soft S's however, are difficult to describe and define capabilities, values and elements of corporate culture are continuously developing and changing. They are highly determined by the people at work in the organisation. Therefore, it is much more difficult to plan or to influence the characteristics of the soft elements. Although the soft factors are below the surface, they can have a great impact on the hard Structures, Strategies and Systems of the organisation

If one element changes, it will affect all the others. For example, a change in HR systems, like internal career plans and management training, will have an impact on organisational culture (management style) and thus will affect structures, processes, and finally characteristic competences of the organisation.

In change processes, many organisations focus their efforts on the hard S's: Strategy, Structure and Systems. They care less about the soft S's: Skills, Staff, Style and Shared Values. Tom Peters and Robert Waterman in "In Search of Excellence" commented, however, that most successful companies work hard at these soft S's. The soft factors can make or break a successful change process since new structures and strategies are difficult to build upon inappropriate cultures and values. These problems often come up in the dissatisfying results of spectacular mega-mergers. The lack of success and synergies in such mergers is often based in a clash of completely different cultures, values, and styles, which make it difficult to establish effective common systems and structures.

A 7-S Model is a valuable tool to initiate change processes and to give them direction. A helpful application is to determine the current state of each element and to compare this with the ideal state. Based on this, it is possible to develop action plans to achieve the intended state.

Step 3: Identify All Areas:

Now, for each of the major areas identified, brainstorm all of the different elements that could be affected. For example, if you're looking at departments, list all of the departments in your organisation. If you're looking at processes, map out the business processes you operate, starting with the process the customer experiences, then moving on to the business processes that support this.

The extent to which you're able to do this depends on the scale of the decision and the time available. Just make sure you go far enough, without getting bogged down in micro-detail.

Step 4: Evaluate Impacts:

Having listed all of the groups of people and everything that will be affected in an appropriate level of detail, the next step is to work through these lists identifying and listing the possible negative and positive impacts of the decision and making an estimate of the size of the impact and the consequences of the decision.

Step 5: Manage the Consequences:

Turn this information into action. If you're using Impact Analysis as part of the decision-making process, you need to weigh whether you want to go ahead with the project or decision proposed. You'll need to ask yourself whether it's worth going ahead with the project given the negative consequences it will cause and given the cost of managing those negative consequences.

If you're managing a project which has already been given the go-ahead, you'll need to think about things like:

- The actions you'll need to take to manage or mitigate these consequences
- How you'll prepare the people affected so that they'll understand and (ideally) support change rather than fighting against it
- The contingency strategy needed to manage the situation should the negative consequences arise.

FORMULATE RECOMMENDATIONS AND IMPLEMENT BEST PRACTICES

Deciding on Best Practices to be Adopted for Unit

Most Best Practice-guidelines will have a number of recommendations. Your implementation team needs to identify the recommendations for implementation. Your decision process may involve considering the following questions:

- Are there certain recommendations that are based on higher levels of evidence than others?
- Are there specific recommendations in the Best Practice guidelines that address the needs of your organisation?
- Are there any recommendations that are already being implemented?
- Are there some that have only been implemented partially? Not at all?
- Are there some recommendations that must be implemented before other recommendations?
- Are there any recommendations that can be implemented at once?
- Will some recommendations take longer to implement fully?
- Are there barriers to implementation of some of the recommendations that will either take a long time to overcome or require many resources? (e.g. time, money, specific skills)

The decisions made at this stage will inform the scope of your Best Practice implementation, as well as the number of resources required.

DESCRIBE THE PERFORMANCE OUTCOMES TO BE ACHIEVED

"Outcomes are *benefits* or *changes* for individuals or populations during or after participating in program activities. They are influenced by a program's outputs. Outcomes may relate to behaviour, skills, knowledge, attitudes, values, condition, or other attributes. They are what participants know, think, or can do; or how they behave; or what their condition is, that is different following the program".

If we use the above quote as our point of departure, we can describe our **performance expectations** with the implementation of best practice in the business unit in terms of:

- Benefits to the team members, team and organisation
- Changes that will take place in terms of behaviour, knowledge, attitude, values and condition of members
- Upskilling of members

Definition of a Performance Expectation: A specific expectation that supports work unit outcomes written in terms of quality, quantity, cost, or timeliness and defined at the "Good" level.

Expectations also define how the division or workgroup outcomes will be achieved and measured. If employees meet all of the performance expectations at the good level, **it is reasonable to assume that the work unit outcomes will be met.**

Steps:

- A workgroup or individual flow diagram charts the major work processes regularly assigned to the work unit. Keep the process steps at a higher, more general level than the specific tasks that you might find on job descriptions.

- The workgroup identifies milestones or major tasks within the process. A milestone is typically a tangible product/output of a series of tasks, i.e., customer deliverables or significant results that can "make or break" the success of a project. If there are several steps to produce a milestone, for example, only the milestone needs to be identified.

- Relate each milestone to a specific unit or division outcome. If you find that a milestone has no relation to any identified outcomes, discuss this with a manager. (The outcomes may need revision, or the work unit process may need to change.)

- Write performance expectations related to the major milestones. Make sure that the performance expectations have some specifics related to quality, quantity, cost, and/or timeliness.

- Write the performance expectations at the "Good" level of the Rating Scale. Make employees aware of how they might also exceed that expectation; i.e., completing the task in less time, higher quality, and higher quantity or below cost levels/under budget.

- Record performance expectations on employee work plans. Each employee may have the same outcomes but may have different performance expectations depending upon their role in completing the work.

Checklist for a well-written Performance Expectation

1. Each Performance Expectation must be **measurable**. Each statement contains a specific, identifiable measurement that includes a standard (quality), the amount (quantity), cost, or within a specified time period.

2. Each Performance Expectation must be **concise**. To be concise, the Performance Expectation is written in plain language and in one sentence.

3. Each Performance Expectation must be **achievable**. To be achievable, the employee must have the ability to complete the expectation at the good level. S/he must also have the potential to exceed the good level.

4. Each Performance Expectation must be **realistic**. To be realistic, resources needed to perform at the good level are ALWAYS available for the employee to use.

DESCRIBE THE CURRENT PRACTICES TO BE RETAINED

Obviously, you are not aiming to reinvent the wheel or throw the baby out with the bath water to use a few well-worn clichés in your quest for best practice in your business unit.

Many of your current practices work, and they work well, and you may even be world leaders in certain areas. In such cases, you would want to retain them. You may even decide to retain certain practices due to constraints that may be beyond your control.

Either way, you need to list the practices you want to retain and motivate why you need to retain them.

DESCRIBE THE BEST PRACTICES TO BE INTRODUCED

You have identified best practices that you and your team have agreed to implement in your unit. You need to document these goals and motivate to *your* manager why you need extra resources.

Below is an example of a form that you could use for this purpose:

Example	***(Former Key Responsibility)***	***(New Outcome or Goal)***
	1. Modifies programs	1. Program modifications addres customer specification and are completed within established timeframe.
	2. Test Application	2. End-user tests show less than rework

After identifying milestones: Performance Criteri	Definition and examples:	Draft performance expectations:
Timeliness	*Within what time frame must expectatio completed?*	1. Initial project client meeting is made w/in 5 business days 2. The project charter is develope and sent to client w/in 10 busi days of the initial meeting
Quality	*What standard/criteria/guidelines must b followed so that the expectation can be successfully completed?*	1. Project charter follow DIRM protocol 2. Project plans adhere to DIRM methodology.
Quantity	Is there a fixed amount of work that mus completed or does the quantity vary? "Customer survey results average 4.0 (5.(highest)" "Completes project with less than 5% variance."	Completes at least 5 project audits
Cost	Is there a budget allotted to this specific "Within assigned budget." "With less than +/- 5% of budgeted cost."	New website projects are completed w, budgeted cost Program enhancements to WIC without additional programming cost to the divi
Final Performance Expectation	The completed project meets division standards within cost requirements and spe time frames.	

Formulating Recommendations for Implementing Best Practices

When presenting your recommendations for implementing the best practice changes to the various stakeholders, it is vitally important to be able to communicate your thoughts and ideas effectively, using a variety of tools and media. Your goal is to get buy-in and authorisation and so you need to inform, persuade and convince your audience.

Your first priority is to analyse the audience(s) you will be presenting to and decide which format to use. What is the organisational policy and practice?

Usually you will need to do both oral and written presentations in the form of a PowerPoint presentation and a formal written report.

Make sure that you prepare your presentations thoroughly- there is a lot riding on a successful outcome- and you need to convince your audience of that!

DESCRIBE THE RECOMMENDATIONS

You have, with your team, analysed your unit's current practices and compared them with best practices to identify areas needing improvement. You have pinpointed activities that will be targeted and listed them with the relevant standards to be achieved. In each case, you motivated why and how the changes would be made and how they would benefit the team and organisation.

Now you need to put your recommendations in writing in the appropriate format making sure that they are clear, specific and comprehensive enough to be understood by your target audience. You also need to ensure that the recommendations described are appropriate for the current practices analysed, that they are feasible and can be put into practice.

PRESENT THE RECOMMENDATIONS

Whether to a group of a thousand, a radio or television audience, or one person in the privacy of your office, much depends on your ability to come across in a credible and honest fashion. Good intentions are not enough.

Many an honest, open speaker has created an impression of shiftiness and dishonesty due to a lack of understanding about how to structure content, and how to use language and speaking style to come across in a credible manner. The tone used is also important, i.e. beware of answering questions in a sarcastic or insincere manner.

You will be perceived as credible when you:

- appear relatively unbiased
- appear similar to the audience
- communicate in ways the audience understands
- demonstrate an understanding of the audience's opinions
- do not sound defensive or aggressive
- do not overreact to criticism

The following are specific tips that you can apply to individual interactions as well as group interactions:

- **Don't oversell or ignore downsides** from the audience's/person's points of view. Research suggests a mix of focusing on evidence to support your position and considering objections is most effective.

- **Pre-empt attacks** by bringing up audience/person's concerns yourself. For example: "I know some of you are probably thinking [fill in objection]. Let me address that." This is much better than ignoring these until an audience member attacks you with an objection.

- Whenever possible **don't read a prepared speech**. This reduces your power of influence and credibility. Very few people are able to read a speech effectively. Most attempts at reading make you appear to be unconfident, stiff, and artificial. Reading occasional quotes, however, is OK.

- **Use a well-organised structure for your presentation**. Use the old saw: Tell them what you are going to tell them. Then tell them. Then tell them what you told them. This corresponds to the introduction, body, and conclusions/summary.

- When using the above structure, indicate in your opening that you imagine that some have **concerns that you will be addressing**. Then, in your body, present both sides. You may want to emphasise any positives you have identified.

- **Speak with energy and intensity** to show your commitment to your topic, but don't go "over the top", by sounding like a preacher or sales-person.

- **Make an extra effort to make eye-contact** with people in the group. The listeners need to feel that your primary concern is each of them, not selling them on the ideas you have. So you want to appear as listener focused as possible.

- **Don't try to accomplish too much**, or present too much information. The more you present, the less impact each point has. By trying to do too much, you risk the possibility that the listeners will miss your main points, or simply get lost and frustrated.

Impact of non-verbal cues/body language and signals on an audience

Studies have shown that up to 70% of communication is accomplished non-verbally. Non-verbal messages are being constantly sent—both with and without words. Consider your facial expressions and body language during any communication. Consider what messages your expressions and body language are sending, and make sure those messages are what you want to be sending.

This general set of body language is used predominantly for the business world, where transactions are made across global and cultural boundaries, and includes several basic elements such as:

- **Posture** - Stand and walk with your head erect and shoulders back, and keep your bait lively. Any other way, and you may look tired, dishevelled and down on your luck. It also portrays a lack of self-esteem and confidence, making it hard for people to be convinced to close a deal with you.

- **Hands** - Keep your hand gestures to a minimum, but don't feel you have to sit on your hands and do nothing with them. Some movement of hands while speaking is natural; just be sure that they are not flailing about wildly. People would probably assume that you are nervous or simply not calm - a very unprofessional behaviour. Also, be sure to keep your hands visible at all times, as not doing so can send a subliminal message that you are untrustworthy.

- **Facial expression** - A face that looks relaxed - no furrowed brow, tense jaw, nervous twitches or stern expression - gives the impression that you are not only a pleasant person to deal with but a confident one too. Just avoid smiling excessively. You don't want to come across as someone fake.

- **Head movement** - A common problem for people who are anxious is to nod their heads excessively. Just keep it subtle and appropriate to the situation. Overdoing it makes you look over eager.

- **Eye contact** - What is good eye contact? You have to balance looking other people in the eyes without staring them down. To do so, concentrate on making eye contact most of the time but breaking it up with an occasional glance away. Avoid looking down when glancing away or you may be seen as shifty and untrustworthy. Also, try shifting your gaze back and forth between the other person's two eyes. The subtle shift will keep the interviewer from feeling that you are staring.

- **Random gestures** - Watch out for unnecessary and unprofessional gestures, such as tapping your foot, fiddling with a ring or other jewellery, twirling your hair, and drumming your fingers on the chair arm or desk. Not only are these movements distracting, but they imply that you are nervous, impatient and/or bored.

Written report

Regardless of the medium you choose in which to deliver your presentation, it's up to you to assemble the information in a compelling way, and the best way to do this is to create an outline with a beginning, middle and end. Outlining your content should give you a feel for the flow of your presentation. But you also need to ask the tough questions:

- Where is the presentation strong and where is it weak?

- Are all relevant details included?

- Is the overall message conveyed effectively?

- Is there a major point that will stand well on its own?
- Does a shaky contention need to be supported by factual data in the form of charts and graphs?

Format and Layout

The form of business letters, memos, reports and e-mails can vary from the traditional to the more contemporary. Some companies have a policy for writing company documents with regards their form and layout.

Before you write, check your company's policy. In general:

- Use single spaces between lines
- Use double spaces between paragraphs
- Place the beginning line of each paragraph flush left for a contemporary look.
- Leave white space around the typed copy for a pleasant "feel" to the document. White space makes a document more readable.
- Two-centimetre margins usually give a document enough white space to "feel" more readable.
- Headings should be bold
- No more than two fonts should be used in a document, e.g. Arial Narrow for headings and Tahoma for the body of your document
- Colour should be limited especially in a formal document

Regardless of the layout, you have chosen, documents should project a positive image of your organisation and meet basic formatting and layout requirements. In order to check the detail of your document, you may also want to consider the following:

- Do page numbers follow logically?
- Does the index (if any) and text headings match?
- Did you include any addenda as you said?
- Is your document dated correctly?
- Did you acknowledge any resources you used (if needed)?

- Is your information correct and accurate? Double-check any information tables and/or descriptions of data.
- Did you comply effectively with any organisational, industry and/or national standards and requirements?
- Have the (necessary) people approved your text?

If possible, let one or more people proofread your text for you. If you often work with a text, you tend to lose your sensitivity for its accuracy and correctness. A fresh pair of eyes can spot inaccuracies in incorrect information easier.

COMMUNICATE THE RECOMMENDATIONS TO STAKEHOLDERS

Now that you have completed the assessment and the analysis and have identified the opportunities where a change will have the greatest impact and maximum gain for the organisation, you need to present your recommendations for implementation to stakeholders for their buy-in and authorisation.

In communicating new expectations, it is critical to demonstrate to those affected the urgency of making a change and how new activities will personally benefit *them.*

Drawing up a Plan for Implementing Best Practice

Many managers believe that identifying and communicating best practices are sufficient to drive change. For a minority of employees, this may be true. For most, however, setting new expectations and reinforcing new behaviours through regular coaching is also required as you will probably encounter resistance to change.

DESCRIBE THE CHANGE PROCESSES REQUIRED TO SUPPORT IMPLEMENTATION

There are four distinct steps to implementing the changes envisioned by your best practice goals:

Step 1: "Set-the-Bar"

Create a clear "picture" of the end result that everyone understands.

Step 2: Motivate Change

Motivate each person individually to embrace the desired values, standards, norms and operating processes.

Step 3: Sustain the Change

Change each person's behaviour so completely that it becomes integrated into their daily job.

Step 4: Scale to the Enterprise

Create a sustaining environment, encouraging people to leverage the change across the entire enterprise quickly and efficiently.

Strategies for Overcoming Resistance to Change

In its usual description change resistance refers to change within organisations, although it is also found elsewhere in other forms.

In order to understand the concept of employee resistance, it is critical to define what is meant by the term resistance. Zander defines resistance to change as "behaviour which is intended to protect an individual from the effects of real or imagined change" Resistance to change is the action taken by individuals and groups when they perceive a change that is occurring as a threat to themselves.

Keywords here are 'perceive' and 'threat'. The threat need not be real or large for resistance to occur.

Resistance can also be defined as "any conduct that serves to maintain the status quo in the face of pressure to alter the status quo."

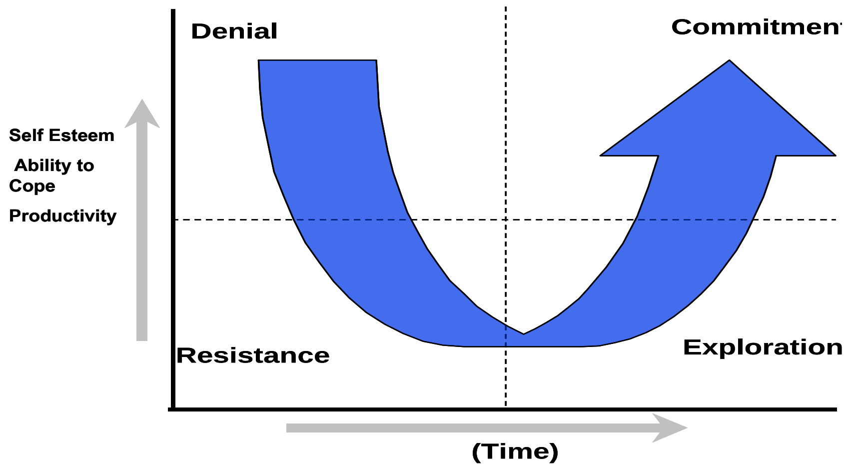
According to Dent and Goldberg (1999), individuals aren't really resisting the change, but rather they may be resisting the loss of status, loss of pay, or loss of comfort. They claim that "it is time that we dispense with the phrase resistance to change and find a more useful and appropriate model for describing what the phrase has come to mean - employees are not wholeheartedly embracing a change that management wants to implement" (p. 26).

Resistance is an inevitable response to any major change. Individuals naturally rush to defend the status quo if they feel their security or status is threatened.

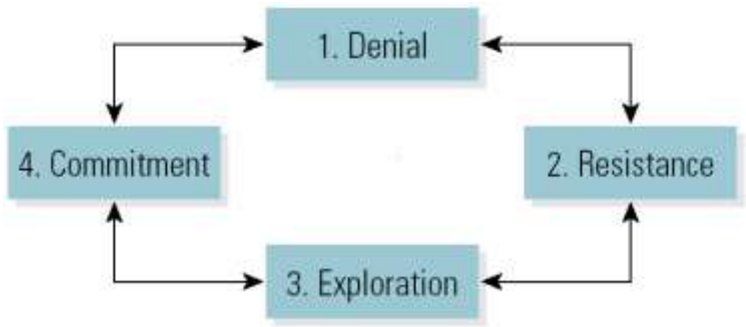
"Organisational change can generate scepticism and resistance in employees, making it sometimes difficult or impossible to implement organisational improvements."

Resistance may take many forms, including active or passive, overt or covert, individual or organised, aggressive or timid. Symptoms are the specific behaviours individuals exhibit when they are resistant to change.

In order to assist individuals to overcome resistance to change, you need to understand the transition process that people experience during change. The following is an illustration thereof:



Even though the illustrations show that the reactions to change seem to follow a process over time, it is natural for a person to go forward and backward as per the illustration below:



If management does not understand, accept and make an effort to work with resistance, it can undermine even the most well-intentioned and well-conceived change efforts. "Any management's ability to achieve maximum benefits from change depends in part on how effectively they create and maintain a climate that minimises resistant behaviour and encourages acceptance and support."

In order to facilitate a smooth transition from the old to the new, organisations must be competent in effective change management. The process of change management consists of getting those involved and affected to accept the introduced changes as well as manage any resistance to them.

IDENTIFY THE RESOURCES REQUIRED

Create a task list by listing all the activities that need to be done. Place the tasks in some form of logical flow – from the beginning to the end of implementing the Best Practice guidelines.

Once a task list has been created, resources should be assigned to each task:

- Estimate the duration of the task
- Identify and assign the resources required to do the task

Identify Resources

The resources that you would need to implement Best Practice would include:

- Physical resources (e.g. equipment and tools)
- People
- Time
- Money

You could use the following worksheet as a basis for identifying resources:

Task	Procurement	Procurement method	Budget estim	Timing	Monitoring a control meas	Responsible person

By identifying and assigning resources to specific tasks, you ensure that people:

- Are informed and consulted with to gain their buy-in
- Can plan and budget for the implementation
- Are made responsible and accountable for performing the tasks

Human resources

The cliché about people being your most valuable asset is true. The most successful companies have realised this and have actively looked at how they can get the most from their employees.

Best Practice organisations enable employees to develop and fulfil their potential.

HELPFUL TIPS & IDEAS

"Some of the most effective consultants your organisation could ever hire are already working for you."
"Employees themselves, more often than not, know what needs to be done to improve operations."

The above quotes are very true; however, it could also be said that in the past a company's employees were their most under-rated and under-used consultants.

The importance of this point cannot be overemphasised. The financial implications of learning from within are an obvious long-term bonus. It is estimated that only 20% of an employee’s skills are utilised. This inefficiency can easily be overcome by training and multi-skilling.

Employees are often in a position to see where improvements to working methods can be made or when market demands are changing. For example, production staff are most likely to be aware of inefficient production processes, while customer service staff are most likely to be aware of common sources of complaints.

Involving employees in reviews and developing open channels of communication can help ensure that you're not overlooking obvious improvements. It can also help you gain employee trust, commitment and buy-in when implementing changes if employees have been involved in the process.

Good people management extends across all areas of your business. Recruitment, training and people development, working practices and working environment are all areas where Best Practice can benefit both the business and your employees.

Key issues include:

- Actively involving employees in the development of the company
- Communication with employees
- Adopting flexible working policies that encourage equality and diversity
- Employee development and training

Best Practices organisations do all or some of the following to boost employee morale and thus productivity:

- Conduct an annual anonymous employee opinion survey and involve employees in problem-solving on employee concerns after the survey results are scored by an outside consultant.
- Implement flexible working conditions, such as part-time work, job sharing and flexible hours

- One company, located in Hawaii, allows injured employees time to recuperate and helps them ease back into work by doing light-duty work at non-profit community organisations-all while receiving their normal compensation.

- Give all employees equal opportunities in terms of all aspects of hiring, promotion, etc.

- One Best Practices company has an innovative approach to hiring: teams that include the position supervisor, another member of the department and someone from an outside department are responsible for all aspects of hiring new employees

- Incorporate diverse cultures and styles into the workplace

- Offer training and development

- On-site Montessori child-care centres, staffed by masters-level teachers and consulting psychologists, keep employees who are parents satisfied and productive at one New York company.

- Staff facilities, such as a canteen, need to be welcoming and sufficiently large

- One Connecticut company values communication so much that the canteen was purposely placed between the administrative offices and the factory so all levels of employees would convene in one place

- One Best practices law firm blurs the lines of corporate hierarchy. Non-attorney staffers design their own performance reviews and can evaluate the attorneys too

- A particular firm in Vermont allows employees to choose the music played in the office, and work areas are painted in vibrant colours. Breaks are encouraged, and the company even lets employees bring pets to work (and offers pet insurance!)

Allocating Responsibilities and Resources

As a manager, you cannot do all the tasks in the implementation plan alone. It is important that you consult with the relevant people before you allocate task responsibilities and resources to individuals / teams within the organisation, which you believe is best suited to perform the tasks.

Once you have agreement from the person that you require to do the task, this person's line manager, and the physical resource owner that you may use the resources (tools and equipment), you can allocate specific responsibilities and time frames to the person to perform the task. Also, provide the person doing the task with the performance measures that you expect to be achieved. This will allow you to measure the quality of the work delivered.

CREATE A PLAN TO IMPLEMENT BEST PRACTICES

To draw up a plan that can be used to implement Best Practices, you need to:

- Get input from as many stakeholders as possible
- Identify the required resources
- Develop an implementation plan with the stakeholders that shows:
  - Tasks
  - Responsibilities
  - Timeframes
  - Performance measures
  - Contingency plans

Get Input from Stakeholders

Stakeholders are the individuals, groups, and/or organisations who may have a vested interest in your decision to implement Best Practice guidelines, and who may attempt to influence your decisions and actions as you develop your implementation plan.

- **Internal stakeholders -** Internal stakeholders are from within the organisation and can include the employees, the management team, specialists, etc.

- **External stakeholders -** External stakeholders operate outside the organisation and can include organisations from the same industry, accreditation bodies, and various interest groups including customer and consumer groups, etc.

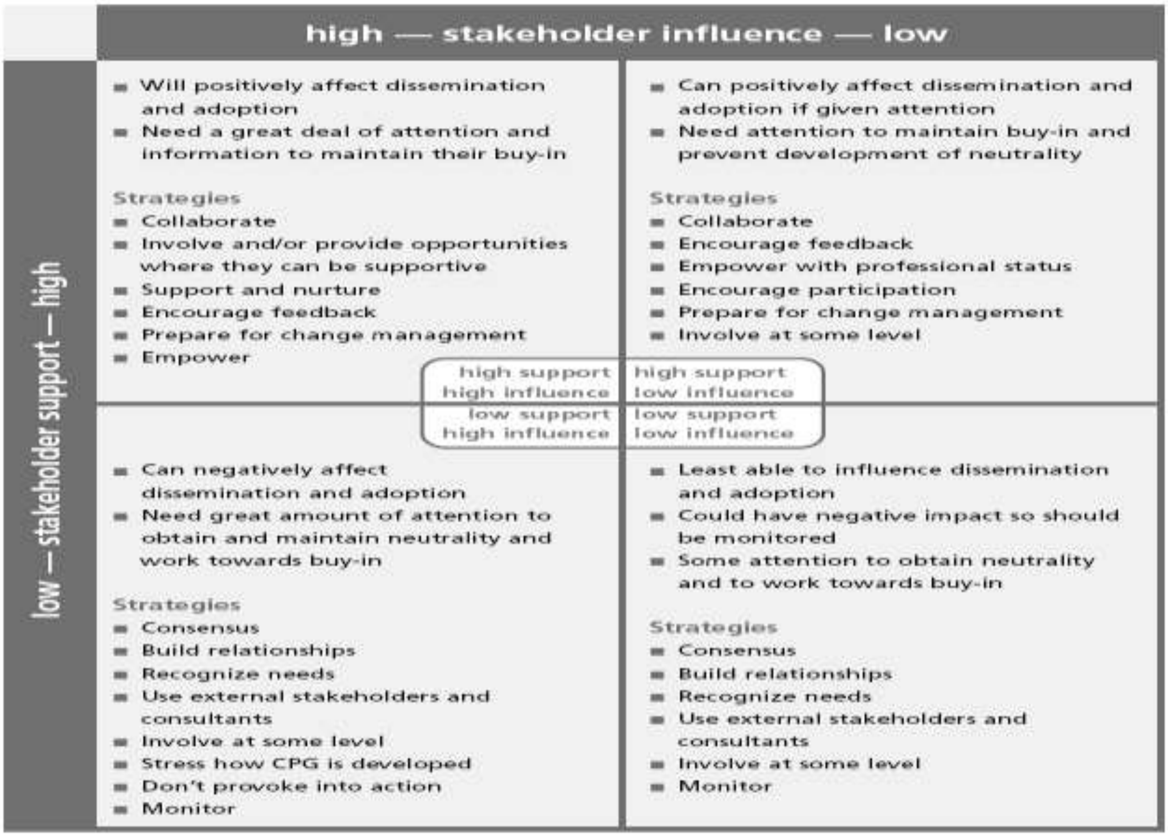
- **Interface stakeholders -** Interface stakeholders, operate across organisational, environmental boundaries. They include such persons as board members from your organisation, staff with cross-appointments (consultants) and other similar persons.

Stakeholders can support, or oppose the implementation of the Best Practice guidelines, or even remain neutral throughout the implementation process. Therefore, it is important to:

- Engage key stakeholders early in the process, e.g. to be part of the Best Practice guideline appraisal process.

- Get information from stakeholders that could be very important sources of information such as the extent of the problem, the unmet needs, and the motivation required to address the issue.

Working with the stakeholders would differ, depending on their influence and support, as can be seen in the following diagram:



A manager would create an implementation plan to control and manage the implementation of Best Practice.

Managing Best Practice involves:

- The communication of a clear mission and strategy
- Leadership by example
- The setting of demanding but realistic targets
- An open and communicative management style
- Clear and careful planning

When drawing up the implementation plan, you need to ensure that the plan shows:

- Tasks
- Timeframes
- Responsibilities
- Performance measures (key performance indicators)

This will allow you to manage the implementation of the Best Practice guidelines confidently.

PLAN WITH REASONABLE CONTINGENCIES

The implementation plan that you create would need to provide for contingencies. Contingencies are action plans for rectifying or fixing things when they go wrong. Contingency plans try to eliminate or minimise risk when implementing Best Practice

All businesses face risks every day. These risks can be managed and turned into opportunities, or they could be a real threat to your business's success. Risk management is the practice of using processes, methods and tools for managing these risks.

The risk is defined as the probability of an event and its consequences.

You can increase your business' chances of success by having an effective risk management policy and program in place. Identifying risks before they occur allows you to be prepared and to find cost-efficient solutions (contingencies), rather than finding solutions urgently when the problem arises.

A risk management process involves:

- Methodically identifying the risks surrounding your business activities
- Assessing the likelihood of an event occurring
- Identifying which events would cause the worst problems and deal with them first
- Understanding how to respond to these events
- Putting in place systems to deal with the consequences
- Monitoring the effectiveness of your risk management approaches and controls

You could use the following worksheet as a basis for identifying risks:

	Risk	**Source** **(How can the risk occur)**	**Impact** **(What is the impact of the risk occurring)**
1			
2			
3			

As a result, the process of risk management:

- Improves decision-making, planning and prioritisation
- Allows efficient allocation of capital and resources
- Allows you to anticipate what may go wrong, at best minimising the amount of fire-fighting you have to do, or at worst preventing a disaster or serious financial loss
- Significantly improves the probability that you will deliver your business plan on time and to budget

Risk management becomes even more important if your business decides to try something new, such as launching a new product, entering new markets, or implementing Best Practices.

You could use the following worksheet as a basis for assessing risks:

	Risk	**Consequence**	**Likelihood**	**Risk Level**	**Priority**
1					
2					
3					

Managing Risks

For each risk identified, you can choose to:

1. **Accept** it, as eliminating the risk would be too costly or the risk is minimal
2. **Transfer** it, usually to an insurance company
3. **Reduce** it through research, new procedures or financial means
4. **Eliminate** it

When you have evaluated and agreed on the actions and procedures to manage the risk, these measures need to be put in place.

Risk management must be an ongoing process to be successful. This allows changes and new factors to be included in the analysis, as well as including knowledge gained through the process.

A risk management policy sets out your business's approach to an appetite for risk and its approach to risk management. Risk management can be assigned to particular employees, rather than left to chance.

Good risk management is an important part of managing and improving your business.

Preventative Measures

By managing the potential risks to your business, you will have procedures and tools in place to deal with them if they arise.

Procedures can be complicated contingency plans or be as simple as having money in reserve for later cash flow problems. Preventative measures such as backing up computer data and installing fire sprinklers are also useful.

Business contingency or continuity plans set out what to do if a certain event happens. These plans don't prevent the event occurring, but they help to minimise disruption to your business afterwards. A plan listing alternative premises or suppliers, for instance, will save time after a fire affects your business.

As your business changes and grows, the potential risks will also change - some will become more significant, and others will become irrelevant. Regular review of your management practices will identify any areas that need improvement or that are no longer required.

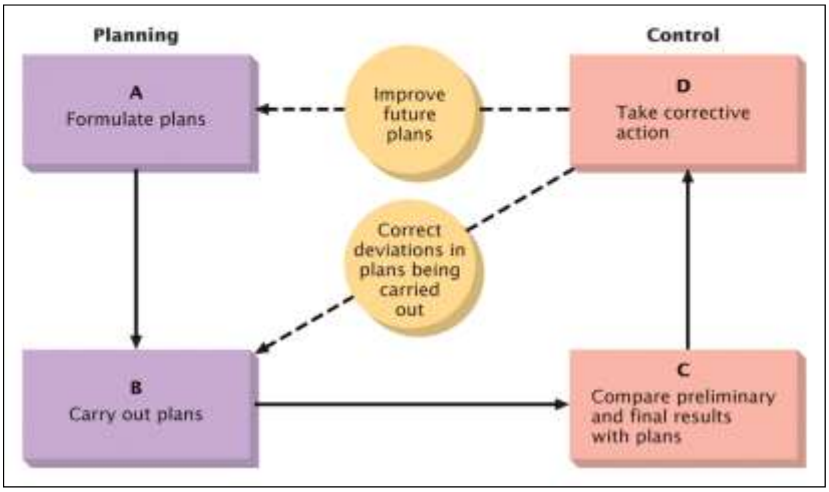
MONITOR, RECORD AND EVALUATE THE IMPLEMENTATION

As you progress through the plan for Best Practice implementation, you need to keep a close eye on the progress of your plan.

- Set specific dates for progress meetings with all the resources involved in the implementation of the plan.
- Get feedback about the progress of the tasks and any issues that the resources might have in completing the tasks.
- Implement any contingency plans when tasks start falling behind schedule.

Taking Action on Issues from Feedback

Planning is a continuous process when you are implementing a plan. The following diagram illustrates it:


Planning
Control
A
Formulate plans
Improve future plans
D
Take corrective action
Correct deviations in plans being carried out
B
Carry out plans
C
Compare preliminary and final results with plans

LEARNING UNIT TWO

3

ASSESSMENT CRITERIA

Apply the principles of knowledge management 252044

SPECIFIC OUTCOME 1 - 3

- Demonstrate knowledge and understanding of the concepts and components of knowledge management.
- Analyse a unit according the entity's knowledge management policies and procedures.
- Develop a knowledge management implementation plan for a unit.

UNDERSTANDING KNOWLEDGE MANAGEMENT

Ken Derr, previous Chief Executive Officer (CEO) of Chevron made the following remarks pertaining to Knowledge Management: “Managing knowledge is something all companies have to master if they expect to compete in the global economy. Those that can learn quickly and then leverage and use that knowledge within the company will have a big advantage over those that can’t. And this will be true whether knowledge is developed internally or acquired elsewhere.”

Do we ever think what is actually happening when Jason clocks out every day and walks past the factory gates to his car in the parking bay of Steel Tech Incorporated (STI)? Is he just another worker walking out? Who is he? Where does he work, but most importantly, what does he know?

Jason has an ID number, a staff number and an identity card that gives him entrance to his workshop in the welding department of Steel Tech Incorporated (STI); he has the keys to his personal locker, and his toolbox is marked – “JJ lig”. His wife’s name is Jennifer, and thus his colleagues call him JJ - the “lig” is actually his way of living meaning “life is great”. He can present proof of an “average” school career, a five-year “happy-ship”, some internal and external short courses on welding and a banner showing that he supports the local soccer club with all the social pub facilities. Jason is a tradesman, a true welder, as all the other welders in STI. So when he walks out of the gate, a welder of STI walks out of the gate with all the other welders, electricians, millwrights, painters, boilermakers and fitters and turners. That’s that!

But there is something unique and special about Jason; something that only he can do in the whole of STI. Jason has the skill, and he knows exactly at what speed he has to weld aluminium to avoid hot cracking. JJ is the only one that is called upon when delicate precision aluminium welding has to be done in the workshop and on the customer’s site. He has the know-how and knowledge to be of great value to STI. He is the one!

The main building of STI is adjacent to the clock house where Jason has to clock out every day on the modern biometric clocking system. Every afternoon at half-past-four, the CEO of STI, stands at his window and looks down from the fifth floor to see if JJ is still OK. The CEO is well aware of the unique capabilities, skills and/or knowledge of JJ and he knows that JJ’s welding knowledge cannot be defined in monetary terms. He also knows that this knowledge cannot be locked away in STI’s storeroom and when JJ walks out of the gate the knowledge “walks” with him because he is the knowledge. The real reason why the CEO is always observing JJ leaving STI is the puzzle how to manage not JJ, but his knowledge. How can he manage something that is valued beyond definition, that is invisible, and that is the attribute of only one person, JJ? That is Knowledge Management (KM)!

EXPLAIN THE DRIVING FORCES OF KNOWLEDGE ECONOMY

Defining knowledge management is not a simple issue:

"It is not a technology, although technology should be exploited as an enabler. It is not a directive, although strategic leadership is imperative to successful knowledge management. It is not a business strategy, although one aligned with the tenets of knowledge management must exist. It requires a culture that promotes faith in collectively sharing and thinking. But, culture alone will not render a vital knowledge management practice. It is perhaps the lack of a singular definition that has delayed the more wide-scale deployment of knowledge management.

Definition: Knowledge management is the leveraging of collective wisdom to increase responsiveness and innovation. Or, knowledge management is the systematic processes by which knowledge needed for an organisation to succeed is created, captured, shared and leveraged.

It is important to note three critical points in the definition. This definition implies that three criteria must be met before information can be considered knowledge.

- Knowledge is connected. It exists in a collection (collective wisdom) of multiple experiences and perspectives.
- Knowledge management is a catalyst. It is an action.

Knowledge is always relevant to environmental conditions and stimulates action in response to these conditions. Information that does not precipitate action of some kind is not knowledge. In the words of Peter Drucker, *"Knowledge, for the most part, exists only in application"*. Knowledge is applicable in un-encountered environments. Information becomes knowledge when it is used to address novel situations for which no direct precedent exists. Information that is merely "plugged in" to a previously encountered model is not known and lacks innovation.

It is important, therefore, to draw a clear line of distinction between information management and knowledge management. Both are important to an organisation's success, but each address different needs and requires different approaches.

Information management consists of predetermined responses to anticipated stimuli. Knowledge management consists of innovative responses to new opportunities and challenges.

In business, planned responses to controlled stimuli can be and have been, automated through traditional IT approaches. Knowledge-based solutions, however, focus on the application of innovative new responses in a volatile work environment. Knowledge must be internalised; it co-exists with intelligence and experience and emanates at the points where decisions are made. For this reason, the primary repository for knowledge is people's heads (at least until we agree that machines have intelligence). Electronic and paper-based "knowledge repositories," then, are merely intermediate storage points for information en route between people's heads."

Knowledge Economy

The knowledge economy can either refer to an economy of knowledge focused on the production and management of knowledge in the frame of economic constraints, or to a knowledge-based economy (more frequently used).

A knowledge-based economy refers to the use of knowledge technologies (such as knowledge engineering and knowledge management) to produce economic benefits as well as job creation. The essential difference is that in a knowledge economy, knowledge is a product, but in a knowledge-based economy, knowledge is a tool.

Various observers describe today's global economy as one in transition to a "knowledge economy", as an extension of an "information society". The transition requires that the rules and practices that determined success in the industrial economy need rewriting in an interconnected, globalised economy where knowledge resources such as know-how and expertise are as critical as other economic resources.

A key concept of the knowledge economy is that knowledge and education (often referred to as "human capital") can be treated as one of the followings:

- A business product, as educational and innovative intellectual products and services can be exported for a high-value return.
- A productive asset

It can be defined as "the concept that supports the creation of knowledge by organisational employees that helps and encourages them to transfer and better utilise their knowledge that is in line with company/organisation goals. (Wikipedia)

The initial foundation for the Knowledge Economy was first introduced in 1966 in the book *The Effective Executive* by Peter Drucker. In this book, Drucker described the difference between the manual worker and the **knowledge worker**. The manual worker, according to him, works with his hands and produces goods or services. In contrast, a knowledge worker works with his or her head, not hands and produces ideas, knowledge, and information.

Driving forces

The following driving forces change the rules of business and national competitiveness:

- Globalisation – markets and products are more global.
- Information technology – which relates to:
- Information/knowledge intensity – efficient production relies on information and know-how – over 70% of workers in developed economies are information workers; many factory workers use their heads more than their hands.
- New Media – new media increases the production and distribution of knowledge, which in turn, results in collective intelligence. Existing knowledge becomes much easier to access as a result of networked databases which promote online interaction between users and producers.
- Computer networking and connectivity – developments such as the Internet bring the "global village" ever nearer.

As a result, goods and services can be developed, bought, sold and in many cases even delivered over electronic networks.

Characteristics

It can be argued that the knowledge economy differs from the traditional economy in several key respects:

- The economics are not of scarcity, but rather of abundance. Unlike most resources that become depleted when used, information and knowledge can be shared, and actually grow through application.
- The effect of location is either
- diminished, in some economic activities: using appropriate technology and methods, virtual marketplaces and virtual organisations that offer benefits of speed, agility, round the clock operation and global reach can be created.
- or, on the contrary, reinforced in some other economic fields, by the creation of business clusters around centres of knowledge, such as universities and research centres. However, clusters already existed in pre-knowledge economy times.
- Laws, barriers, taxes and ways to measure are difficult to apply solely on a national basis. Knowledge and information "leak" to where demand is highest and the barriers are lowest.
- Knowledge-enhanced products or services can command price premiums over comparable products with low embedded knowledge or knowledge intensity.

- Pricing and value depend heavily on context. Thus the same information or knowledge can have vastly different value to different people, or even to the same person at different times.

- Knowledge, when locked into systems or processes, has higher inherent value than when it can "walk out of the door" in people's heads.

- Human capital — competencies — are a key component of value in a knowledge-based company, yet few companies report competency levels in annual reports. In contrast, downsizing is often seen as a positive "cost-cutting" measure.

- Communication is increasingly being seen as fundamental to knowledge flows. Social structures, cultural context and other factors influencing social relations are therefore of fundamental importance to knowledge economies.

These characteristics require new ideas and approaches from policy makers, managers and knowledge workers.

Intellectual Property

Intellectual property (IP) refers to creations of the mind: inventions, literary and artistic works, and symbols, names, images, and designs used in commerce.

Intellectual property is a phrase used to describe certain legal rights that people may hold over "creations of the mind," such as works of art, writing, inventions, designs, ideas, music, or choreography. There are four main types of intellectual property:

- **Copyrights** - A copyright is a form of intellectual property that protects the original authors of both published and unpublished creations. The rights of authorship for these works remain the possessions of the originator solely for a specified period of time under copyright law. Once the time period has elapsed, then these works are open to others for reproduction and republication.

- **Patents** - Patents are legal property rights applied to inventions (as opposed to works of any kind of art or literacy), and they must be distributed by the Patent and Trademark Office. Typically, patents apply to such items as processes, machines, manufacturing designs, biological discoveries, or "compositions of matter." Like copyrights, patents are available to the inventors for only a certain period of time before they expire. Patents generally last for 20 years after the date on which the patent application is filed.

- **Trade Secrets** - Trade secrets are practices, designs, formulas, processes, recipes, or ideas used by a company that allows it to gain leverage in its industry. Typically, trade secrets are kept hidden by one's own means, as opposed to being protected through government policies such as patents or copyrights. An example of self-protection commonly used with trade secrets is locking the pertinent information away in a bank vault. Since trade secrets lack legal protection, once they are leaked to the general public, they are available for use by anyone.

- **Trademarks** - Trademarks include any words, phrases, symbols, logos, designs, or devices that are used in association with a particular brand or good in order to distinguish it from other products of that industry. Trademarks are used for identification purposes and are legally protected once they have been registered.

Intellectual Capital

Intellectual capital includes everything an organisation knows. That can be ideas, different kinds of knowledge and innovations that determine the value and competitiveness of an organisation. The value of an organisation is made of physical assets, various financial assets and intangible assets, i.e. intellectual capital (IC).

The intangibleness refers to the fact that IC is not easily translatable in financial terms. All other assets, such as land, a credit note, equipment, can be monetised – there exist standard criteria for expressing their value in currency. IC is mainly made of elements (such as the quality of employees or the reputation of a brand among consumers) for which there is no consensual model for monetary expression. A more precise name for IC would, therefore, be “non-financial assets”.

IC can commonly be divided into three categories namely, human capital, customer capital and structural capital:

- **Human capital** - Human capital refers to the value, usually not reflected in accounting systems, which results from the investment an organisation must make to recreate the knowledge in its employees; it is a component of internal awareness.

- **Customer capital** - Customer capital refers to the value, usually not reflected in accounting systems other than as goodwill, which results from the relationships an organisation has built with its customers. Customer capital is a component of external awareness and represents the value of the bond between you and your customers. This is not just a matter of brand loyalty. Customer capital considers how well you are able to understand your customers, their changing needs and requirements. Its value is at least equal to the cost of creating a new customer.

- **Structural capital** - Structural capital refers to the value which results from products, systems, or services an organisation has built. These may survive the absence of human capital for a period of time (i.e. the brand equity of a popular product), but will soon result in core rigidity without the infusion of human capital. As a component of internal awareness, structural capital represents the reduction of intellectual capital and customer capital to product or service. The faster you can do this, the greater your structural value, since it does not go stale and become susceptible to competitors.

Intangible assets

HELPFUL TIPS & IDEAS

> *"It is better to be roughly right than precisely wrong."*

Intellectual Capital (IC) can be considered as part of the intangible assets of an enterprise. Intangible assets are defined as identifiable non-monetary assets that cannot be seen, touched or physically measured, which are created through time and/or effort and that are identifiable as a separate asset. There are two primary forms of intangibles - legal intangibles (such as trade secrets, customer lists, copyrights, patents, trademarks, and goodwill) and competitive intangibles (such as knowledge activities, know-how, knowledge, collaboration activities, leverage activities, and structural activities).

Legal intangibles are known under the generic term intellectual property and generate legal property rights defensible in a court of law.

Intangible assets are typically expensed according to their respective life expectancy.

Organisational Learning

Organisational learning is an area of knowledge within organisational theory that studies models and theories about the way an organisation learns and adapts. In organisational development (OD), learning is a characteristic of an adaptive organisation (an organisation that is able to sense changes in signals from its environment and adapt accordingly). OD specialists endeavour to assist their clients to learn from experience and incorporate the learning as feedback into the planning process.

Organisational knowledge

Some of this knowledge can be termed technical – knowing the meaning of technical words and phrases, being able to read and make sense of data and being able to act on the basis of generalisations. Scientific knowledge is ‘propositional’; it takes the form of causal generalisations – whenever A, then B. For example, whenever water reaches the temperature of 100 degrees, it boils; whenever it boils, it turns into steam; steam generates pressure when in an enclosed space; pressure drives engines.

A large part of the knowledge used by managers, however, does not assume this form. The complexities of a manager's task are such that applying A may result in B, C, or Z. A recipe or an idea that solved a particular problem very well, may, in slightly different circumstances backfire and lead to even more problems. More important for a manager than knowing a whole lot of theories, recipes and solutions, is to know which theory, recipe or solution to apply in a specific situation. Sometimes a manager may combine two different recipes or adapt an existing recipe with some important modification to meet a situation at hand.

Managers often use knowledge in the way that a handyman will use his or her skills, the materials and tools that are at hand to meet the demands of a particular situation. Unlike an engineer who will plan carefully and scientifically his or her every action to deliver the desired outcome, such as a steam engine, a handyman is flexible and opportunistic, often using materials in unorthodox or unusual ways, and relies a lot on trial and error. This is what the French call 'bricolage', the resourceful and creative deployment skills and materials to meet each challenge in an original way. Rule of thumb, far from being the enemy of management, is what managers throughout the world have relied upon to inform their action.

In contrast to the scientific knowledge that guides the engineer, the physician or the chemist, managers are often informed by a different type of know-how. This is sometimes referred to a 'narrative knowledge' or 'experiential knowledge', the kind of knowledge that comes from experience and resides in stories and narratives of how real people in the real world dealt with real-life problems, successfully or unsuccessfully. Narrative knowledge is what we use in everyday life to deal with awkward situations, as parents, as consumers, as patients and so forth. We seek the stories of people in the same situation as ourselves and try to learn from them. As the Chinese proverb says "A wise man learns from experience; a wiser man learns from the experience of others."

Narrative knowledge usually takes the form of organisation stories. These stories enable participants to make sense of the difficulties and challenges they face; by listening to stories, members of organisations learn from each other's experiences, adapt the recipes used by others to address their own difficulties and problems. Narrative knowledge is not only the preserve of managers. Most professionals (including doctors, accountants, lawyers, business consultants and academics) rely on narrative knowledge, in addition to their specialist technical knowledge, when dealing with concrete situations as part of their work. More generally, narrative knowledge represents an endlessly mutating reservoir of ideas, recipes and stories that are traded mostly by word-of-mouth on the internet. They are often apocryphal and may be inaccurate or untrue - yet, they have the power to influence people's sense-making and actions.

Individual learning

Learning by individuals in an organisational context is the traditional domain of human resources, including activities such as training, increasing skills, work experience, and formal education. Given that the success of any organisation is founded on the knowledge of the people who work for it, these activities will and, indeed, must continue. However, individual learning is only a prerequisite to organisational learning.

Others take it farther with continuous learning. The world is orders of magnitude more dynamic than that of our parents, or even when we were young. Waves of change are crashing on us virtually one on top of another. Change has become the norm rather than the exception. Continuous learning throughout one's career has become essential to remain relevant in the workplace. Again, necessary but not sufficient to describe organisational learning.

What does it mean to say that an organisation learns? Simply summing individual learning is inadequate to model organisational learning. The following definition outlines the essential difference between the two: A learning organisation actively creates, captures, transfers, and mobilises knowledge to enable it to adapt to a changing environment. Thus, the key aspect of organisational learning is the interaction that takes place among individuals.

A learning organisation does not rely on passive or ad hoc processes in the hope that organisational learning will take place through serendipity or as a by-product of normal work. A learning organisation actively promotes, facilitates, and rewards collective learning.

Creating (or acquiring) knowledge can be an individual or group activity. However, this is normally a small-scale, isolated activity steeped in the jargon and methods of knowledge workers. As first stated by Lucilius in the 1st century BC, "Knowledge is not knowledge until someone else knows that one knows."

Capturing individual learning is the first step to making it useful to an organisation. There are many methods for capturing knowledge and experience, such as publications, activity reports, lessons learned, interviews, and presentations. Capturing includes organising knowledge in ways that people can find it; multiple structures facilitate searches regardless of the user's perspective (e.g., who, what, when, where, why, and how). Capturing also includes storage in repositories, databases, or libraries to ensure that the knowledge will be available when and as needed.

Transferring knowledge requires that it be accessible too as needed. In a digital world, this involves browser-activated search engines to find what one is looking for. A way to retrieve content is also needed, which requires a communication and network infrastructure. Tacit knowledge may be shared through communities of practice or consulting experts. Knowledge needs to be presented in a way that users can understand it, and it must suit the needs of the user to be accepted and internalised.

Mobilising knowledge involves integrating and using relevant knowledge from many, often diverse, sources to solve a problem or address an issue. Integration requires interoperability standards among various repositories. Using knowledge may be through simple re-use of existing solutions that have worked previously. It may also come through adapting old solutions to new problems. Conversely, a learning organisation learns from mistakes or recognises when old solutions no longer apply. Use may also be through synthesis; that is creating a broader meaning or a deeper level of understanding. Clearly, the more rapidly knowledge can be mobilised and used, the more competitive an organisation.

An organisation must learn so that it can adapt to a changing environment. Given the ever-accelerating rate of global-scale change, the more critical learning and adaptation become to organisational relevance, success, and ultimate survival.

Organisational learning is a social process, involving interactions among many individuals leading to well-informed decision making. Thus, a culture that learns and adapts as part of everyday working practices is essential. Re-use must equal or exceed reinvent as desirable behaviour. Adapting an idea must be rewarded along with its initial creation. Sharing to empower the organisation must supersede controlling to empower an individual.

Clearly, shifting from individual to organisational learning involves a non-linear transformation. Once someone learns something, it is available for his/her immediate use. In contrast, organisations need to create, capture, transfer, and mobilise knowledge before it can be used. Although technology supports the latter, these are primarily social processes within a cultural environment, and cultural change, however necessary, is a particularly challenging undertaking.

Learning Organisation

A **learning organisation** is a term given to a company that facilitates the learning of its members and continuously transforms itself. Learning organisations develop as a result of the pressures facing modern organisations and enables them to remain competitive in the business environment. A learning organisation has five main features:

- **Systems thinking -** The idea of the learning organisation developed from a body of work called systems thinking. This is a conceptual framework that allows people to study businesses as bounded objects. Learning organisations use this method of thinking when assessing their company and have information systems that measure the performance of the organisation as a whole and of its various components. Systems thinking states that all the characteristics must be apparent at once in an organisation for it to be a learning organisation. If some of these characteristics are missing, then the organisation will fall short of its goal.

- **Personal mastery -** The commitment by an individual to the process of learning is known as personal mastery. There is a competitive advantage for an organisation whose workforce can learn quicker than the workforce of other organisations. Individual learning is acquired through staff training and development; however, learning cannot be forced upon an individual who is not receptive to learning. Research shows that most learning in the workplace is incidental, rather than the product of formal training. Therefore it is important to develop a culture where personal mastery is practised in daily life. A learning organisation has been described as the sum of individual learning, but there must be mechanisms for individual learning to be transferred into organisational learning.

- **Mental models -** The assumptions held by individuals and organisations are called mental models. To become a learning organisation, these models must be challenged. Individuals tend to espouse theories, which are what they intend to follow, and theories-in-use, which are what they actually do. Similarly, organisations tend to have 'memories' which preserve certain behaviours, norms and values. In creating a learning environment, it is important to replace confrontational attitudes with an open culture that promotes inquiry and trust. To achieve this, the learning organisation needs mechanisms for locating and assessing organisational theories of action. Unwanted values need to be discarded in a process called 'unlearning'.

- **Shared vision -** The development of a shared vision is important in motivating the staff to learn, as it creates a common identity that provides focus and energy for learning. The most successful visions build on the individual visions of the employees at all levels of the organisation. Thus the creation of a shared vision can be hindered by traditional structures where the company vision is imposed from above. Therefore, learning organisations tend to have flat, decentralised organisational structures. The shared vision is often to succeed against a competitor.

- **Team learning -** The accumulation of individual learning constitutes team learning. The benefit of the team or shared learning is that staff grow more quickly, and the problem-solving capacity of the organisation is improved through better access to knowledge and expertise. Learning organisations have structures that facilitate team learning with features such as boundary crossing and openness. Team learning requires individuals to engage in dialogue and discussion; therefore, team members must develop open communication, shared meaning, and shared understanding. Learning organisations typically have excellent knowledge management structures, allowing creation, acquisition, dissemination, and implementation of this knowledge in the organisation.

Organisations do not organically develop into learning organisations; there are factors prompting their change. As organisations grow, they lose their capacity to learn as company structures and individual thinking becomes rigid. When problems arise, the proposed solutions often turn out to be an only short-term and re-emerge in the future. To remain competitive, many organisations have restructured, with fewer people in the company. This means those who remain need to work more effectively. To create a competitive advantage, companies need to learn faster than their competitors and to develop a customer responsive culture. Organisations need to maintain knowledge about new products and processes, understand what is happening in the outside environment and produce creative solutions using the knowledge and skills of all within the organisation. This requires co-operation between individuals and groups, free and reliable communication, and a culture of trust.

The main benefits are:

- Maintaining levels of innovation and remaining competitive
- Being better placed to respond to external pressures
- Having the knowledge to better link resources to customer needs
- Improving the quality of outputs at all levels
- Improving corporate image by becoming more people oriented
- Increasing the pace of change within the organisation

Barriers

Even within a learning organisation, problems can stall the process of learning or cause it to regress. Most of them arise from an organisation not fully embracing all the necessary facets. Once these problems can be identified, work can begin on improving them.

Some organisations find it hard to embrace personal mastery because as a concept it is intangible and the benefits cannot be quantified; personal mastery can even be seen as a threat to the organisation. If individuals do not engage with a shared vision, personal mastery could be used to advance their own personal visions. In some organisations, a lack of a learning culture can be a barrier to learning. An environment must be created where individuals can share learning without it being devalued and ignored, so more people can benefit from their knowledge, and the individuals become empowered. A learning organisation needs to accept the removal of traditional hierarchical structures fully.

Resistance to learning can occur within a learning organisation if there is not sufficient buy-in at an individual level. This is often encountered with people who feel threatened by change or believe that they have the most to lose. They are likely to have closed mindsets, and are not willing to engage with mental models. Unless implemented coherently across the organisation, learning can be viewed as elitist and restricted to senior levels. In that case, learning will not be viewed as a shared vision. If training and development are compulsory, it can be viewed as a form of control, rather than as personal development. Learning and the pursuit of personal mastery need to be an individual choice, therefore enforced take-up will not work.

In addition, organisational size may become the barrier to internal knowledge sharing. When the number of employees exceeds 150, internal knowledge sharing dramatically decreases because of higher complexity in the formal organisational structure, weaker inter-employee relationships, lower trust, reduced connective efficacy, and less effective communication. As such, as the size of an organisational unit increases, the effectiveness of internal knowledge flows dramatically diminishes, and the degree of intra-organisational knowledge sharing decreases.

DESCRIBE THE COMPONENTS OF A KNOWLEDGE MANAGEMENT SYSTEM

The components of a knowledge management system could include mechanisms, strategies, policies and structures.

A knowledge management system is a soft system of systems with open boundaries. It is made up of components from the mnemonic *PISHI*, which stands for:

- people,
- infrastructure,
- software,
- hardware, and
- information.

This classification represents real things in the real world, and each of these things is linked together by processes so that an output is realised to meet an objective – in this case, knowledge. In the modern business world, all components are essential.

People are absolutely central to a knowledge management system. People have tacit, implicit, and explicit knowledge. People also possess unsynthesised information and interact in some way with one or more of the other components to produce knowledge. For example, people manipulate information using software loaded onto computers (hardware) that are provided in office space (infrastructure) to produce knowledge artefacts like books and journals. Equally, people can exchange information via a video camera (hardware), which is located in a meeting room (infrastructure), to exchange knowledge. This is problematic, firstly, as knowledge is not a static stock to be managed like an inventory item. It is dynamic and personal and has context. This means that it can, and does, degrade to being data or information over time.

Secondly, people synthesise information, context, experience, and understanding to produce knowledge; and that synthesis largely occurs in the human brain. The problem for a knowledge management system is how to get the knowledge out of somebody's head, and then modify it so that it can be changed into useful public knowledge. Often it will not be possible, so other means of sharing the knowledge must be found, like peer-to-peer meetings.

Thirdly, unless there is an enterprise-wide lexicon, which enables users from different groups to share and reuse the knowledge, most codification efforts will be in vain. This is particularly problematic for large multi-silo organisations, with many trades and professions, each with their own lexicon. Many government departments suffer from this problem.

Fourthly, because organisations cannot create knowledge per se they can only magnify the efforts of individuals if the individuals are willing to share. This can only be achieved in a supportive environment that encourages organisational learning. Organisational learning occurs when a business puts in place mechanisms that encourage employees to contribute to business goals. These mechanisms include physical and virtual places to learn and exchange data and information, as well as hard and soft media, and a no-blame, supportive and encouraging culture. If these elements are present, then the conditions exist for the externalisation of knowledge, and perhaps its eventual codification - but, the difficulty remains in getting people to change their work habits.

Lastly, a knowledge management system is inherently a soft open system. This means that boundaries are permeable and difficult to position. What may be useful to one person in one part of an organisation, may be useless to someone else in another department. Any knowledge management initiative must, therefore, establish clear, achievable goals that deliver benefits to the organisation, or a subset of the organisation, and take into account user and stakeholder requirements. The key is that it must be useful and solve a problem, or problems.

In summary, a successful knowledge management system is founded on a clear understanding of:

- what the organisation considers to be organisational knowledge;
- what the organisation knowledge goals are;
- where knowledge resides in an organisation and its form;
- what knowledge components must be intensely managed; and finally
- the absolutely central role of people in any system.

Developing a knowledge management strategy

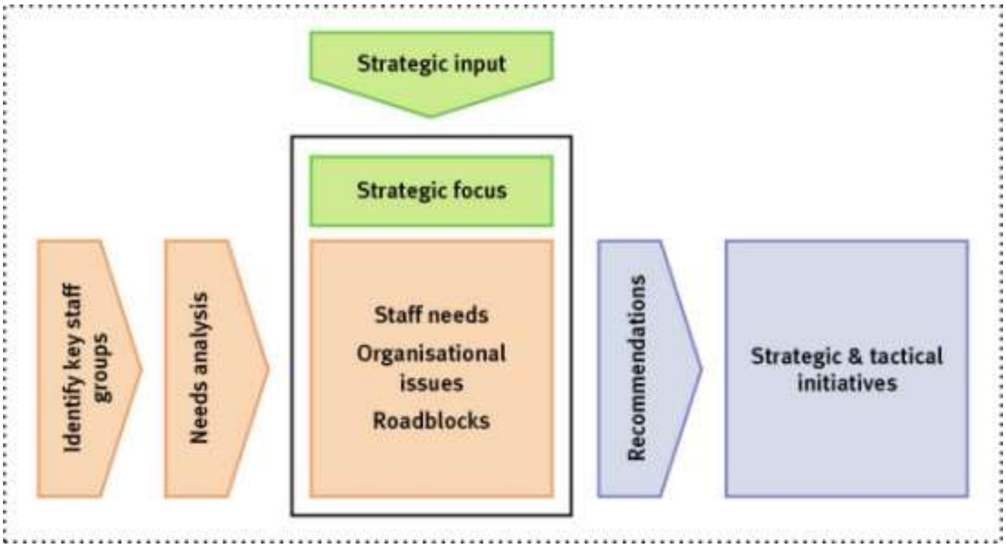
Organisations are facing ever-increasing challenges, brought on by marketplace pressures or the nature of the workplace. Many organisations are now looking to knowledge management (KM) to address these challenges. Such initiatives are often started with the development of a knowledge management strategy.

To be successful, a KM strategy must do more than just outline high-level goals such as 'become a knowledge-enabled organisation'. Instead, the strategy must identify the key needs and issues within the organisation, and provide a framework for addressing these. Taking this approach ensures that any activities and initiatives are firmly grounded in the real needs and challenges confronting the organisation.

There are a number of common situations that are widely recognised as benefiting from knowledge management approaches. Examples are contact centres, front-line staff, business managers, ageing workforce and supporting innovation.

Beyond these typical situations, each organisation will have unique issues and problems to be overcome.

There are many approaches for developing a knowledge management strategy, each supported by a holistic model of knowledge management processes.



Developing a knowledge management strategy

These can be classified into two main approaches:

- **Top-down** - The overall strategic direction of the organisation is used to identify the focus of the knowledge management initiative. This is reflected in a series of activities designed to meet this broad goal.

- **Bottom-up** - Research is conducted into the activities of staff involved in key business processes. The findings of this research highlight key staff needs and issues, which are then tackled through a range of knowledge management initiatives.

Each of these approaches has its strengths, and in practice, a successful knowledge management programme must encompass both.

Let’s look at a model that focuses strongly on the needs analysis activities with staff, to drive a primarily bottom-up strategy, as follows:

1. Identify the key staff groups within the organisation. These groups deliver the greatest business value or are involved in the most important business activities.

2. Conduct comprehensive and holistic needs analysis activities with selected staff groups, to identify key needs and issues.

3. Supplement this research with input from senior management and organisational strategy documents, to determine an overall strategic focus.

4. Based on these findings, develop recommendations for addressing the issues and needs identified.

5. Implement a series of strategic and tactical initiatives, based on the recommendations. These will select suitable knowledge management techniques and approaches.

Historically, many knowledge management strategies have focused solely on the top-down approach, identifying high-level objectives such as ‘become a knowledge-enabled organisation’. With little understanding, of the key issues and needs of staff throughout the organisation, these initiatives found it difficult to engage staff in the required cultural and process changes. As a result, many of these initiatives had a little long-term impact on the organisation, despite initial efforts. Recognising these issues, this approach focuses much more strongly on the initial needs analysis activities.

The approach to developing a knowledge management strategy outlined here provides a number of major benefits:

- **Holistic -** The focus on needs analysis will identify a wide range of issues and requirements. Some will be organisation-wide, while others will be specific to individual business units or job roles. The use of a range of needs analysis techniques will identify:
  - cultural issues
  - key business needs
  - duplication of effort
  - inconsistencies in practices
  - inefficiencies in business processes
  - opportunities for improved policies or procedures
  - major business risks
  - and much more…

- **Solution-independent -** The approach used to develop the knowledge management strategy makes no assumptions about the solutions that might be implemented. As such, the approach is independent of any technologies implemented, or knowledge management techniques applied. Instead, the approach is to identify the need and then determine the solution.

- **Simple -** The use of well-tested needs analysis techniques gives confidence that the true issues in the organisation will be identified. In practice, these simply 'fall out' of the research activities, with the key strategic and tactical recommendations becoming obvious in most cases. This simplicity makes the process easy to implement and ensures that the findings and recommendations are well-understood throughout the organisation.

- **Efficient -** A modest amount of initial research will be sufficient to identify the most crucial problems within the organisation. These can then be tackled with suitable activities and initiatives. Once this first round of projects has delivered tangible business benefits, additional targeted research can be used to identify further issues to be addressed. This 'iterative' approach can then be repeated, ensuring that business improvements are seen even as the next round of research is initiated.

- **Targets resources -** There are many 'good ideas' that can be drawn from the field of knowledge management. The challenge is to identify those approaches that will have the greatest impact on the organisation. By starting with the needs analysis, approaches can be targeted to address the most critical issues or to deliver the greatest business benefits.

Knowledge Management Policies

Does an organisation really need to have a set of Policies to implement and institutionalise Knowledge Management? Or could Knowledge Management be enforced without any 'stick and carrot' policy?

As knowledge management involves management of both tangible and intangible assets, how far a written policy can influence its practices is still a concern. According to *David Skyrme*, "A 'Policy' sounds prescriptive, which is generally the last thing one should develop to create a knowledge sharing culture".

Rather than a 'Policy', David suggests creating 2-3 documents that include:

1) a *Mission Statement* with a set of guiding principles (less than one page),

2) a *Strategy* that outlines ambitions and how to get there, and

3) a set of *Guidelines* for each mainstream knowledge management practice.

Each of these 3 documents is intended for different audiences and uses: knowledge management Mission Statement is usually for senior management; knowledge management Strategy is for getting funding and linking into operating plans, and knowledge management Practice Guidelines are for those who have to put knowledge management into practice.

Telling people how to “do” knowledge management does not work. A more effective approach is to persuade people of the benefits of knowledge management and to get some real enthusiastic, interested and supportive group of people to act as the messengers of knowledge management. These people help to “spread the word” throughout the organisation and create enough enthusiasm.

In some organisational cultures, Policy is the best way forward. Some companies tend to enforce knowledge management by policies, procedures, standards and measurement metrics, as they consider people will not engage in any voluntary knowledge sharing activities.

There are managers that are used to 'doing things by the book', and they are not going to change their approach suddenly. They would still demand written policies, procedures etc. In such circumstances, ‘knowledge management practitioners need to work really hard to dissuade them, show them that with things as 'tacit' and 'intuitive' as ' knowledge management, a softer, more bottom-up than top-down approach stands much greater chances of success’.

What should be in the Policy, when you can’t replace it…

Policies are much more appropriate to the Information and Records management space than the knowledge management space. Policies around Information Management (IM) and Records Management (RM), however, instil the disciplines of information access and sharing. Information management should be given enough importance, as benefits of knowledge sharing cannot be visualised if an organisation’s information environment is in a mess.

Organisations can have policies and procedures from the process point of view, but they should use them only as reference manuals and nothing else. “Only having a policy won't make someone successful in implementing knowledge management. The policy prepared must reach out to all the stakeholders, they must see value in it, and they must participate in it. This is a challenge faced by many of us “.

If we consider knowledge management as a recipe of three ingredients- People, Process and Technology, then policies can be developed for all those 3 areas. Policies can give direction on the expected behaviour of people, the rewards scheme (motivational issue), learning and development for individuals, process workflows and technology management.

Policies for people

Knowledge sharing can also be included in performance management – where staff will be rewarded for effective sharing and creation of knowledge activities.

Hewlett Packard has designed its office space in such a way that helps to build a knowledge sharing culture; for example, all staff, including the CEO, work in open cubicles in HP.

Policies for Process

Knowledge management processes involve knowledge creation, storing, dissemination and application. Policies can be developed in the process of capturing knowledge, storing, sharing of knowledge and so on. Various Intellectual Property/Copyright issues can be considered in terms of sharing confidential information with others (within and outside the organisation).

Policies for Technology management

Technology in knowledge management might include only collaborative tools, like email, Intranet, Internet, IM, and other groupware and databases. So, the technology management/Information management policy can include issues like ownership, security, compliance, quality, administration, and sharing.

Before developing any policies, one should consider that the policies are useful, authoritative, governed, feasible, meaningful and relevant. A draft policy should be shared with some key individuals for acquiring their feedback before publishing them organisation wide. Continuous monitoring of the policy is necessary as well as an Annual Review. So, explore the culture of your organisation first and decide if you really need a knowledge management policy.

Creating, Sharing and Storing of Knowledge

Knowledge Management is the methodology, tools and techniques to gather, integrate and disseminate knowledge. It involves processes involving management of knowledge creation, acquisition, storage, organisation, distribution, sharing and application. These can be further classified into organisation and technology components.

The organisation component consists of organisation-wide strategy, standards and guidelines, policies, and socio-cultural environment. The technology component consists of tools and techniques to implement effective knowledge management practice which provides values to its business, employees, customers and partners.

The tools can further be classified as knowledge creation, knowledge integration, knowledge sharing and knowledge utilisation.

The various steps are described here:

1. **Knowledge Creation** - Knowledge is created either as explicit or tacit knowledge. Explicit knowledge is put in paper or electronic format. It is recorded and made accessible to others. Tacit knowledge is created in the minds of people. This knowledge resides within individuals. This knowledge needs to be transformed into explicit knowledge so that it can record and shared with others in the organisation.

2. **Knowledge Storage** - Knowledge is stored and organised in a repository. The decision on how and where lies with the organisation, but the objective of this phase is to enable the organisation to be able to contribute, organise and share knowledge.

3. **Knowledge Sharing -** Knowledge is shared and accessed by people. They can either search or navigate to the knowledge items.

4. **Knowledge Utilisation** - This is the end goal of knowledge practice. Knowledge management does not have any value if the knowledge created is not utilised to its full potential. More knowledge is created as knowledge is applied and utilised.

There are various procedures and practices to capture knowledge, such as:

- **Best Practices** - Sharing prior work and experiences using technology to archive is written work in repositories. Also creating opportunities to capture tacit knowledge - this may require collaborative environments to help share that experience that is so hard to capture.

- **Collaboration** - Technology is permitting people to share ideas easily, work together, brainstorm and collaborate. People just need to be educated that the technology is available and easy to use.

- **Culture** - How do you get people to share and use knowledge instinctively? How to overcome the hoarding and trust issues. These issues can mean the difference between success and failure.

- **Filtering, Notifying, and Collaboration** - On-going additions to enterprise-wide databases and document management is particularly difficult to manage. End users will grow frustrated without the ability to learn about additions that could be of interest to them, or helpful in their work. However, they don't want to have to hunt for the information. They want it delivered to them.

- **Knowledge Management** - Information or data management with the additional practice of capturing the tacit experience of the individual to be shared, used and built upon by the organisation, leading to increased productivity.

- **Mailing Lists** - An electronic bulletin board on which you can post comments, questions and generally interact with others on a related topic.

- **Experts** - Innovation, the creation of new knowledge often comes from collaboration and interaction with experts.

These are some of the many ways to create a culture where there are greater collaboration, teamwork and sharing of ideas.

Knowledge dissemination

As mentioned before, we distinguish between the two categories of knowledge, namely tacit (what is in our heads) and explicit (what we have codified) knowledge.

Given that tacit knowledge is the knowledge that is in our heads, the easiest and the only way to disseminate this type of knowledge is through organs of the body. We can communicate it through voice and gestures. Laughing is a simple sign of happiness. Shrugging your shoulders indicates that you do not know. It is important to note though that gestures are not universal, they are unique to societies; for example, nodding one's head means that one is in agreement with what is being said in European culture. The converse is true in Asian culture. The agreement is shown when you shake your head from side to side.

The second type of knowledge is explicit knowledge. This is the knowledge that has been codified. Writing is the oldest form of codifying knowledge. Most of the world's knowledge is in written form in the form of books. With the further transformation of matter through the application of tacit knowledge other ways of codifying knowledge have emerged over time. We now find knowledge in mediums such as recorders, the Internet and others.

When should knowledge be disseminated and how do we know when it has been? There is no stipulated rule on where and when knowledge should be disseminated. The simple answer to this question is knowledge is ready to be disseminated when the holder of it feels it is ready to be. Besides, it does not make sense to acquire knowledge to hoard it. In fact, it is impossible to hoard knowledge because we need to exchange it for survival constantly. Hoarding of knowledge makes sense only when one does it in order to gain comparative advantage over other human beings. Even this is not eternal. Over time, the hoarded knowledge gets known and is further exchanged.

Dissemination of knowledge is often done with a certain intention in mind. When this is the key reason for knowledge dissemination, it is important to determine whether knowledge dissemination has really taken place. This is important for a number of reasons. One, it allows for learning on whether knowledge was successfully disseminated so that if no other means of disseminating it successfully could be devised. For example, at institutions of learning gauging of knowledge dissemination is done through tests and examinations as we all know and two, for accountability purposes. However, the key gauge of whether knowledge has been disseminated is its application. As indicated earlier, as tacit knowledge, knowledge application is seen in the development of different solutions in the form of products and services. In a modified form, knowledge dissemination is seen in the use of the products and services to solve societal problems.

With a view to making sure that knowledge is disseminated effectively, the concepts of monitoring and evaluation have entered many a field. Monitoring is a process of continuously assessing both the functioning of activity in the context of implementation schedules and of the use of activity inputs by the targeted population in the context of design expectations. The following are among the goals of monitoring:

- To ensure that inputs, work schedules and outputs are proceeding according to plan, i.e., that project implementation is on course;
- To provide a record of input use, activities and results; and
- Early warning of deviations from initial goals and expected outcome.

Thus, monitoring is a process which systematically and critically observes events connected to an activity in order to control the activities and adapt them to the conditions.

The term "**evaluation**" is defined differently by different authors. Two definitions of evaluation are: "Evaluation is similar in technique to appraisal, although it obviously uses historical (actual or estimated) rather than forecast data, and takes place after the event. Its main purpose is to ensure that lessons are widely learned, communicated and applied when assessing new proposals", and "Evaluation refers to the periodic assessments of issues such as the efficiency, effectiveness, impact, relevance and sustainability of the programme in relation to the stated objectives. Traditionally this involves the running of baseline surveys, with assessment studies being conducted to measure change. A wide range of methods, qualitative and quantitative, are available".

Impact assessment is found in the realm of monitoring and evaluation. It is a form of evaluation which determines the effect of an intervention on targeted beneficiaries

Knowledge should be disseminated, but it is essential to monitor the dissemination process and to evaluate if the knowledge has been disseminated effectively.

Theory and Principles of Knowledge Management

Ten Principles for Knowledge Management Success

Tom Tobin Director, Business Consulting Knova Software, Inc.

Knowledge Management (KM) can mean different things to an organisation depending upon the nature of the initiative. knowledge management, as we all know, is not a technology or a set of methodologies… it's truly a practice or discipline that involves people, processes and technology. And, if implemented correctly with cultural buy-in from users and management, plus clearly defined goals, a knowledge management initiative can improve the productivity and efficiency of an entire organisation.

Although knowledge management is as an enterprise-wide goal, many companies find success if they kickoff an initiative in one department and then extend the practices throughout other parts of the organisation. Often knowledge management practices relating to service and support can be defined as knowledge-powered problem resolution - using a knowledge base, knowledge sharing, collaboration and knowledge reuse to solve customer questions efficiently.

The practice of knowledge management can be useful during tough economic times and in times of rapid growth. When an organisation downsizes, critical knowledge and intellectual capital are lost. When business picks up, it often picks up quickly. You can't hire and train fast enough to maintain a satisfactory level of performance using traditional methods. Even if you could, at some point it becomes cost-prohibitive to keep hiring. You can't hire your way out of growth. Instead, you need a more efficient way to deal with growth. Knowledge Management and a system for capturing and reusing knowledge can help businesses deal with the economic fluctuations.

Principle 1: Knowledge Management is a discipline

Many people think knowledge management is a technology or software solution, but it is much more than that; knowledge management is a discipline. Obviously, you have to have a good piece of software or a good system to capture knowledge – but that's not the whole equation. Underestimating what it takes just to capture the knowledge correctly is a big risk, as is underestimating the integration task into your already complex environment.

You must ensure you have the adequate resources to create and maintain the content you promise your internal and external customers. Creating content is not a one-time project. Also, over time the content must be updated and supplemented as new products or services are supported. Empowering staff to add new content as resolutions are discovered, is key to maintaining a robust system.

Principle 2: One champion is not enough

To be successful, your project must have several champions within the organisation. These are individuals that believe in the project, enthusiastically advocate it and have the clout to "make things happen." Projects that lack a champion generally don't get off the ground. Those with only one champion are also at serious risk.

Losing your champion can spell disaster for your project. This is a real problem for knowledge management projects, due to their continuous duration. If the project champion transfers, retires or leaves the company, the project often loses its momentum, and the project may falter as someone else takes it over.

Operational level and executive level support for knowledge management is crucial to the success of knowledge management throughout the organisation. So if an operations manager decides the company really needs knowledge management, that manager should find somebody on the executive staff that will agree to support the vision. By having that dual track of vision, the project is more likely to succeed.

Principle 3: Cultural change isn't automatic

Buy-in is needed at all levels, and this may require an organisational culture change. The people that are going to use the tools have to be part of the design. Don't make this management decision in a vacuum. Include some people from the various groups that would directly or indirectly use the system.

Sometimes there is a fear that knowledge management will be used to replace people. If that is not your intention, you should convince your team that current headcount reduction is not the goal. Therefore, you need to look for and plan the motivation for each party. After all, you are asking people to shift from a system where being a tower of knowledge is rewarded to a system where they share their expertise with everybody on the team.

Failing to see how knowledge management is going to fit into the rest of the organisation is a mistake. You must invest the time and energy to understand the culture, identify motivations and ensure change happens where needed.

Principle 4: Create a change management plan

If your employees are not already sharing information, you will need a change management plan because you are asking people to do their jobs differently. The change management plan specifies how you will gain acceptance of knowledge management within the organisation.

Example: You are a call centre manager, and you measure your employees' performance by call handle time and a number of cases closed. Now you are going to be asking them to use a knowledge base on every call or email interaction – thus asking them to change the way they perform their job on a daily basis. Also, if you don't make changes to their performance reviews and compensation, there may be friction because you're asking them to do one thing, but you are judging them by another set of rules. As part of the overall change management plan, you need to update job descriptions, feedback sessions and performance reviews to reflect the new workflow. Neglecting to make these changes may foster acceptance issues with your team members.

Principle 5: Stay strategic

Knowledge management is a strategic endeavour, not just a project. I prefer to call it a strategic initiative as opposed to a project because a project implies a finite timeline. With knowledge management you are never really done; you initiate it, and you build it and then it's online, and you maintain it.

If knowledge management is a strategic initiative, especially something that is top-down motivated (for instance improving customer service or improving employee satisfaction) then there is a better value statement involved, and you are not relying on changing one metric. So you might see improvement in individual metrics like customer problem resolution rates, but their value is limited compared to the return from becoming a collaborative knowledge sharing organisation.

To start, decide what goals you are trying to accomplish and why. Then try to identify a solution and methodology that will help you attain those goals in your environment. Sometimes people within an organisation may say that a knowledge management initiative is nice-to-have, but an economic downturn might slow the process down or defer it - thus being counterproductive when resources are scarce.

Principle 6: Pick a topic, go in-depth, keep it current

I advise that you pick one area that needs improvement or has limited resources, and then build a robust knowledge base for that subject matter. Use that experience to learn about implementing knowledge in your organisation, e.g. do one product group and learn from there. It is much better to be comprehensive for a narrow topic than fail to get enough depth. Sometimes an enterprise initiative is needed right away, and it can be done successfully, but it can involve a larger resource commitment to do a full-scale project all at once. Remember, the depth of your knowledge base truly depends upon your customers' needs.

Today's systems should enable staff to contribute new knowledge to their natural workflow. This is critical to ensure that solutions that are not currently in the system can be quickly added once the resolution has been determined. It's also important to remember that regular and timely maintenance of the knowledge base is key to success. You should also consider appointing resources to maintain the knowledge. Be sure to build in a mechanism that identifies gaps in content (information sought but not found), and a process for filling those gaps. If people repeatedly fail to find what they are looking for, they will stop using the system.

Principle 7: Don't get hung up on the limitations

Certain types of knowledge are very well suited to quickly harvesting into a knowledge base. Company processes or technical procedures are well suited for knowledge management. By populating a knowledge base with this type of information and making it available to employees and customers, an organisation can shorten or even avoid many problems or issues. Organisations can also use a knowledge management system to access existing unstructured sources of information that may already exist on a corporate network, intranet or within an existing department. It's important to note that experienced staff can certainly benefit from access to both structured knowledge and unstructured information because they're more likely to be able to pinpoint a solution within an unstructured document.

In addition to sources of knowledge, the specific type of information is also important to consider. The expertise that a true expert has is much more difficult to capture. They tend to "chunk" their knowledge and can't tell you the steps they use when they make a decision in their field; they just do it. (Much like tying your shoe, you do it every day but when you have to explain it it's tough because you have internalised the process.) It is important first to determine what knowledge can be easily added to the system and then provide staff or a knowledge manager with the tools to add this complex step-by-step information to the system, ensuring that even difficult questions can be answered accurately.

Principle 8: Set expectations or risk extinction

Customers, employees and management alike must know what they are going to get out of knowledge management, what it will take to get those results and how success will be measured – set expectations.

Measurement is where most organisations fail because they are doing things that were not measured before. So a year from now, you've built this thing, it's up and running, and everyone loves it, and your boss says "where's my return?" If you don't have a measurement system in place, then you will have a hard time answering the question – especially for the new metrics that didn't exist before. You probably measured (in a call centre for example) handle time, abandon rates, and similar operational metrics. But you may not be measuring call avoidance or knowledge usage, which affects ultimately the ability to measure resolution rates.

In addition to setting management expectations, you have to set customer and end-user expectations. For example, if you are going to provide customers with Web self-service for one specific product, then you must include the known problems that they are going to encounter in the knowledge base. In that situation, you are better off to set their expectations that the knowledge base covers only that product and no other. If customers visit the site a few times and they can't find an accurate or appropriate answer they will probably not return again.

Principle 9: Integrate knowledge management into existing systems

Typically, organisations that are implementing knowledge management already have an established data centre, so they are not only building a knowledge base – they must also integrate it into their existing environment.

When selecting a knowledge management system, consider systems that have open architectures and proven integrations into existing data centre to ensure a successful implementation. Also, processes will be affected, requiring a change to reporting and measurement systems as well. Integrate reporting capabilities where possible to best understand how the combined systems are affecting the effectiveness of your operations.

Principle 10: Educate your users

You've created your knowledge management plan, determined the critical knowledge to include, initiated a plan to garner cultural acceptance, trained your staff and pinpointed key sources of knowledge – finally you need to educate your knowledge users on how to find and access support information to ensure a satisfying experience.

Traditional marketing techniques should be employed to promote this valuable service, such as email, online newsletters or direct mail. Encourage users to visit your online support site by making it easy to find and access the knowledge base. Be sure to include the site URL and directions for obtaining a login, if needed, in your marketing communications.

Finally, make sure your Internet or intranet site includes an easy-to-find link to your Self-service Web site. A twist on the old saying, "If they can't find it, they won't come." So make it easy to find, easy to access and easy to use.

DIKW chain

Knowledge management categories fall under the DIKW (data, information, knowledge, wisdom) continuum. The DIKW Hierarchy refers loosely to a class of models for representing relationships between data, information, knowledge, and wisdom.

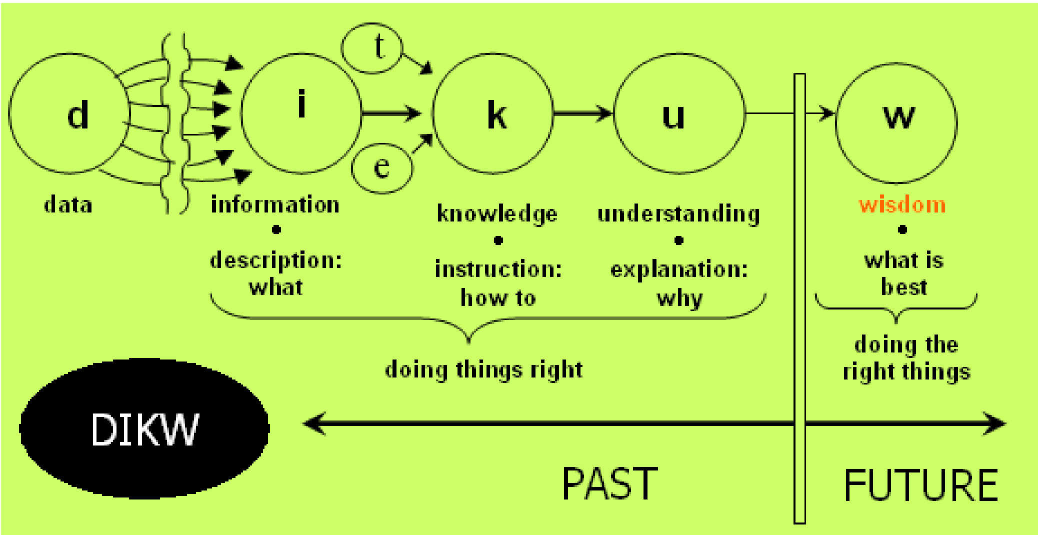
- In the context of DIKW, data is conceived of as symbols or signs, representing stimuli or signals, that is "of no use until...in a usable (that is, relevant) form".

- In the context of DIKW, information is inferred from data, in the process of answering interrogative questions (e.g., "who", "what", "where", "how many", "when"), thereby making the data useful for "decisions and/or action". Or, information is defined as data that are endowed with meaning and purpose.

- The knowledge component of DIKW is generally agreed to be an elusive concept which is difficult to define. Knowledge is typically defined with reference to information. Definitions may refer to information having been processed, organised or structured in some way, or else as being applied or put into action.

- Although commonly included as a level in DIKW, "there is a limited reference to wisdom" in discussions of the model. It could be described as the "know-why", or even better, it could be distinguished as the "why do" (wisdom) from "why is" (information), and expanding the definition to include a form of know-what ("what to do, act or carry out"). Wisdom is the ability to increase effectiveness. Wisdom adds value, which requires the mental function that we call judgment. The ethical and aesthetic values that this implies are inherent to the actor and are unique and personal.

DIKW FLOW DIAGRAM



DIKW is a hierarchical model often depicted as a pyramid, with data at its base and wisdom at its apex. In this regard, it is similar to Maslow's hierarchy of needs, in that each level of the hierarchy is argued to be an essential precursor to the levels above. Unlike Maslow's hierarchy, which describes relationships of priority (lower levels are focused on first), DIKW describes purported structural or functional relationships (lower levels comprise the material of higher levels).

Knowledge management systems

A system is a set of interacting or interdependent entities forming an integrated whole. Systems share common characteristics, such as, systems have structure, defined by parts and their composition, systems have behaviour, which involves inputs, processing and outputs of material, energy or information and systems have interconnectivity where the various parts of a system have functional as well as structural relationships between each other.

The term system may also refer to a set of rules that govern behaviour or the model. A model is a pattern, plan, representation or description designed to show the main object or workings of an object, system, or concept. Models have often simplified summaries of reality such as a business model which is a framework of the business logic of a firm. In this context, the knowledge management system can be presented in a knowledge management model.

Knowledge management models are used for the organisation's best to collect, store and analyse knowledge to have an advantage over their competitors. Some different models are:

- **Wiig model -** Wiig proposed his knowledge management model with a principle which states that knowledge can be useful if it is well organised. There are some useful dimensions to be noted in Wiig's knowledge management model. They are completeness, connectedness, congruency and perspective and purpose. Completeness refers to checking how much relevant knowledge is available from a given source. The source of knowledge may be implicit or explicit (from human brains or knowledge bases). Connectedness refers to well-defined relationships between different knowledge objects. A knowledge base possesses 'congruence' when all facts, concepts, values and relational links between the objects are consistent. Perspective and purpose are phenomena through which we know something from a particular point of view for a specific purpose. The Wiig knowledge management model is a powerful theoretical knowledge management model and helps practitioners to adopt a refined approach to managing knowledge based on the type of knowledge.

- **Boisot Space Knowledge Management Model** - Boisot proposes two key points which are:

- The more easily data can be structured and converted into information, the more diffusible it becomes.

The fewer data that has been so structured requires a shared context for its diffusion, the more diffusible it becomes.

Boisot's model can be visualised as a three-dimensional cube with the following dimensions:

- from uncodified to codified,
- from concrete to abstract,
- from undiffused to diffused.

Boisot proposes a *Social Learning Cycle* (SLC) that uses the I-Space to model the dynamic flow of knowledge through a series of six phases:

- **Scanning**: insights are gained from generally available (diffused: spread over a wide area or between a large number of people) data
- **Problem-Solving:** problems are solved giving structure and coherence to these insights (knowledge becomes 'codified')
- **Abstraction:** the newly codified insights are generalised to a wide range of situations (knowledge becomes more 'abstract')
- **Diffusion:** the new insights are shared with a target population in a codified and abstract form (knowledge becomes 'diffused')
- **Absorption:** the newly codified insights are applied to a variety of situations producing new learning experiences (knowledge is absorbed and produces learnt behaviour and so becomes 'uncodified', or 'tacit')
- **Impacting:** abstract knowledge becomes embedded in concrete practices, for example in artefacts, rules or behaviour patterns (knowledge becomes 'concrete')

The proposed Social Learning Cycle (SLC) serves to link content, information, and knowledge management in a very effective way - the codification dimension is linked to categorisation and classification; the abstraction dimension is linked to knowledge creation, and the diffusion dimension is linked to information access and transfer.

- **SECI Model -** Ikujiro Nonaka and Hirotaka Takeuchi's theory of organisational knowledge creation is the most widely accepted knowledge management model and has four modes of knowledge conversion:
    - tacit to tacit (Socialisation),

- tacit to explicit (Externalisation),
- explicit to explicit (Combination) and
- explicit to tacit (Internalisation).

Socialisation

Sharing tacit knowledge through face-to-face communication or shared experience. Informal social intercourse and teaching by practical examples. An example is an apprenticeship.

Externalisation

Trying to convert tacit knowledge to explicit knowledge by developing concepts and models. In this phase, tacit knowledge is converted to an understandable and interpretable form, so it can also be used by others. Externalised and theoretical knowledge is a base for creating new knowledge.

Combination

Compiling externalised explicit knowledge to broader entities and concept systems. When knowledge is in the explicit form, it can be combined with the knowledge that has been filed earlier. In this phase, knowledge is also analysed and organised.

Internalisation

Internalisation means understanding explicit knowledge. It happens when explicit knowledge transforms to tacit and becomes a part of an individual's basic information. The cycle continues now in the spiral of knowledge back to socialisation when the individual shares his tacit knowledge silently. This is how the amount of knowledge grows, and the previous conceptions might change.

The creation of knowledge is a continuous process of dynamic interactions between tacit and explicit knowledge. The four modes of knowledge conversion interact in the spiral of knowledge creation. The spiral becomes larger in scale as it moves up through organisational levels, and can trigger new spirals of knowledge creation.

Though there are some flaws with the SECI model, this is the best model when compared to the other two models. The SECI model is a widely accepted and widely used model and the best approach to describe the way knowledge is generated, transferred and re-created in an organisation. For example: In an organisation, different people in a team play different roles. Here, sharing of tacit knowledge through personal experiences is done especially in program environments where the communication is limited to within the team. So, they all discuss and share their knowledge. This represents socialisation. The tacit knowledge is converted to explicit knowledge where all the team members discuss in a group. This represents externalisation. When the team members prepare their work and then combine their work to finish the project, that represents combination. When it is ready to be executed by an individual that represents internalisation.

There is other knowledge management models such as the Choo-Weick model, the Nonaka and-Takeuchi model and the Beer and Bennet model but for the purpose of this discussion it is only the intention to be aware of knowledge management models – the three knowledge management models presented can be considered as sufficient.

EXPLAIN THE IMPORTANCE OF KNOWLEDGE MANAGEMENT

Without question, knowledge management, and the awareness of it, has become increasingly important in today's business environment. Over the last several years, we have witnessed the emergence of what has increasingly become a knowledge-driven economy and society. Knowledge assets have often become more important to companies than financial and physical assets and are often the only way for a company to distinguish itself from its competitors and gain a competitive advantage.

In the landscape of modern business, companies are persistently striving to create mechanisms for differentiating themselves from their competitors within given markets. Because many markets are quite saturated with numerous firms endeavouring toward like core competencies, organisations are forced to dissect their business processes for the purpose of determining what can produce a sustainable competitive advantage. The information age and the changes created by it has shifted firms toward a steadfast and holistic interest in leveraging intangible assets as well as tangibles. The management of information as a key to grasping and retaining competitive advantage has recently evolved into the more strategically focused management of knowledge.

Knowledge is the ultimate competitive advantage if understood from an action-oriented perspective. All the information technologies and data cannot assure competitive advantage in the long-term, nor do decisions that are made drawing upon insights hidden in information and data. Only translating information and decisions into actionable value propositions can assure competitive advantage. Hence, in this perspective, knowledge lies in action: in effective utilisation of data and information resources for actionable decisions and, most importantly, in execution.

Evidence that the importance of knowledge management is a significant issue can easily be illustrated with some examples. For instance, in the area of continuity management, there is the looming issue of potentially lost knowledge given the enormous number of baby boomers that will be changing jobs or retiring in the next few years. The typical productivity cost of an employee leaving is 85% of their base salary due to their replacement's mistakes, lost knowledge and lost skills.

Related to this is the concept of knowledge half-life, from which it is found that knowledge reaches obsolescence, on average, in 500 days, but can be much quicker in some areas. This lost knowledge obviously has a cost.

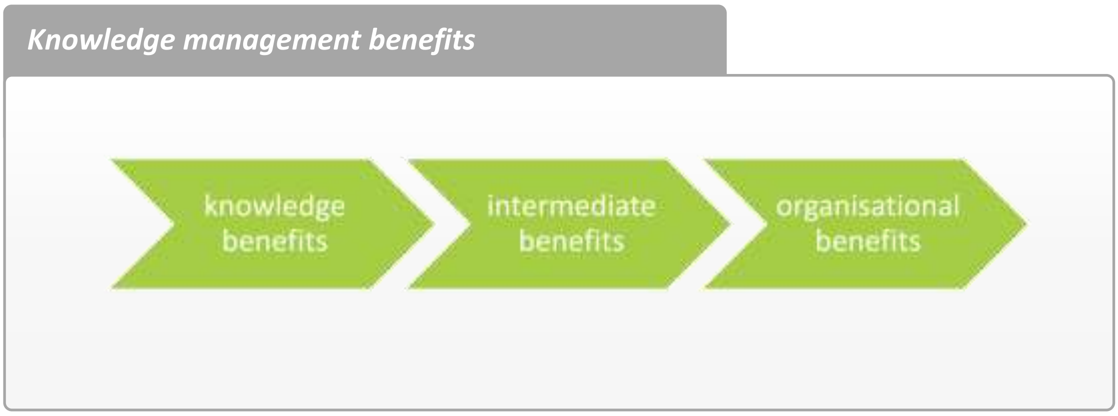
Smaller companies are not immune either. Knowledge is just as important, if not more so, to a smaller company trying to compete in the rapidly changing global marketplace. These companies must capture, assimilate, and capitalise on every advantage they can find, including knowledge. Secondly, smaller firms have an advantage in that they often have a culture and organisational structure in place that is much more conducive to implementing knowledge management efforts. Small companies have to frequently adapt and thrive in a 'wear many hats' type of environment, which is predicated more on social relationships, familiarity and trust among employees.

EXPLAIN THE RESULTS OF MANAGING KNOWLEDGE

B. Balaji explains the benefits of managing knowledge in this extract from the article **Knowledge Management Benefits - An Overview**:

Today's increasingly difficult economic times pose the need for cost-effective initiatives such as knowledge management programs and practices. Organisation heads always need a clear understanding of the bottom line Knowledge management benefits before they invest in such initiatives.

The Knowledge management benefits can be categorised into three which include:



A typical example would be of an organisation such as a manufacturing firm or an academic institution or a government agency which has numerous physical files.

Categorisation and segregation into working databases allow the employees who need specific information to access the databases more efficiently through word or category searches instead of having to sift through so many folders. Updating of these databases will also result in having the most recent and relevant information and knowledge stored and easily accessible by any employee who may need any specific information.

The category of organisational benefits includes better/faster innovation, improved customer service, reduced knowledge loss, and increased productivity/better performance. These are the benefits which will have an impact on the way an organisation thinks and operates to achieve its objective, for example, to provide quality education, quality products and services, or quality programs to bring about the good of civil society.

In a constantly evolving and competitive environment, organisations are faced with the problem of having to continuously improve in the area of creating innovative products and service that would meet the constantly evolving needs and wants of their customers. Patronage from customers is the only way ahead for the success of any organisation both small and big.

Considering the huge number of physical files in an organisation example, as the databases are organised the decision maker has the necessary information and knowledge to substantiate or justify research and development initiatives that lead to more innovations which in turn leads to the creation of new products and services.

These initiatives may seem a bit costlier for the company in the beginning stages. But if these initiatives when looked at from a long-term perspective help the organisation to create products and services and then sell them to a market that needs or wants them.

This helps the organisation to actually reap the rewards of satisfied customers translating into increased sales revenues which helps offset the initial capital sunk into the research and development initiatives.

There are many possible benefits of Knowledge for the organisation / enterprise, such as the following:

- Produce and conserve New Value - such as Intellectual Property Assets
- Generate new Wealth and increasing returns
- Increase Revenue
- Open New Markets
- Enable Sustainable, Organic Growth
- Improve Decision-Making

- Mitigate Risk
- Develop and implement New Business Models
- Build More Profound relationships and ongoing Mind-Share with Customers - penetrate the mind of the customer
- Lift Productivity and Efficiency
- Speed Innovation
- Unleash new Ideas and Creativity
- Help create a more Adaptive, responsive, dynamic, flexible, organisation
- Facilitate the evolution of a more Intelligent Enterprise and produce smart, engaging products
- Use knowledge To Build Virtual Networked Businesses
- Better prepare for and anticipate The Future
- Improve and accelerate Learning
- Gather superior Business and Competitive Intelligence
- Enhance Team Collaboration and Coordination
- Maximise the organisation's use of available collective wisdom, experience, and the Brain-Power of human capital assets
- Improve the Flow of knowledge
- Improve the Service and Support of Customers
- Shift employees from balance-sheet expense items to Knowledge Investors in the enterprise
- Improve the ability of the organisation to Manage Change
- Attract, and retain motivated, loyal, and committed Talent
- Introduce a more relevant measurement "Dashboard" and instrument panel, with knowledge-based metrics versus mere industrial age measures
- Be better positioned for Knowledge Workers to cope with increasing Info'glut' and Information-Overload

- Turn Process Know-How into a valuable Corporate asset - Knowledge Conversion
- Help the enterprise to grow more Network Connections, more knowledge nodes (the value of a network is related to the extent of the nodes in it)
- Lower Operating Costs by substituting information and knowledge stores for inventory
- Avoid Waste and Duplication by encouraging Knowledge Reuse
- Create a more knowledge aware, knowledge friendly culture, and Community of Practice(s) better suited to the emerging knowledge-based economy context
- Allow more leveraging of knowledge assets through Knowledge Arbitrage strategies
- Have better Knowledge Transfer occur in the execution of projects
- Extend the global Reach, Richness, and Scope of the enterprise
- It can be a tremendous Enabler allowing the organisation and knowledge workers to share ideas and collaborate in ways that would not have been possible previously.
- Bring a new level of sophistication to managing the brand, reputation, and Intangibles that customers value
- In general, be better able to Create, Capture, Share, Protect, Disseminate, Package and Exploit knowledge, intellectual capital, and intangibles

Note that the authors have compiled a list of possible and potential benefits available. Their main point is to show that there is a wide range of benefits to be had, depending on one's needs and strategy. They stress that the list is neither exhaustive nor complete; possibly your organisation will identify others due to unique needs and strategy requirements.

ANALYSE A UNIT ACCORDING TO ORGANISATIONAL KNOWLEDGE MANAGEMENT POLICIES AND PROCEDURES

For a knowledge management solution to work, the business unit to which it belongs and the community in which it operates should own it. The power of knowledge management is in the people it serves. For that reason, ownership by the community is critical to increasing participation. Knowledge management leverages a company’s intellectual assets, and greater participation within knowledge management communities enables greater exchanges of information and knowledge. This, in turn, leads to better employee performance and the desired business results.

ANALYSE THE CURRENT PRACTICES IN A UNIT

One strategy to knowledge management involves actively managing knowledge (push strategy). In such an instance, individuals strive to explicitly encode their knowledge into a shared knowledge repository, such as a database, as well as retrieving knowledge they need that other individuals have provided to the repository. This is also commonly known as the Codification approach to knowledge management.

Another strategy to knowledge management involves individuals making knowledge requests of experts associated with a particular subject on an ad hoc basis (pull strategy). In such an instance, expert individual(s) can provide their insights to the particular person or people needing this. This is also commonly known as the Personalisation approach to knowledge management.

Other knowledge management strategies for companies include:

- rewards (as a means of motivating for knowledge sharing)
- storytelling (as a means of transferring tacit knowledge)
- cross-project learning
- after action reviews
- knowledge mapping (a map of knowledge repositories within a company accessible by all)
- communities of practice (CoP)
- expert directories (to enable knowledge seeker to reach to the experts)
- best practice transfer
- competence management (systematic evaluation and planning of competences of individual organisation members)
- proximity and architecture (the physical situation of employees can be either conducive or obstructive to knowledge sharing)
- master-apprentice relationship
- collaborative technologies (groupware, etc.)
- knowledge repositories (databases, bookmarking engines, etc.)
- measuring and reporting intellectual capital (a way of making explicit knowledge for companies)
- knowledge brokers (some organisational members take on responsibility for a specific "field" and act as the first reference on whom to talk about a specific subject)
- social software (social bookmarking, blogs, etc.)

Knowledge management techniques

"The greatest difficulty lies not in persuading people to accept new ideas, but in persuading them to abandon old ones" – John Maynard Keynes.

Management techniques include methods, ways or procedures used to accomplish or achieve an end goal or objective. knowledge management techniques are usually intended to focus on specific and essential knowledge, and using knowledge management techniques can allow for knowledge to be validated, to collate knowledge from various expert sources and to build a framework from which non-experts are better able to understand the expert's knowledge.

There are a variety of knowledge management related techniques used to accomplish specific objectives related to knowledge creation, transfer and utilisation including for example: metaphors, storytelling, narrative, anecdotes, collaboration, after action reviews, peer assists, retrospect, knowledge cafes, positive deviance, contextual inquiry, surveys, focus groups, facilitated discussions, social network analysis, problem-solving, benchmarking, group think, laddering, 20-questions, repertory grid, knowledge mapping, knowledge modelling, and knowledge communities (including Communities of Practice, Communities of Interest, Communities of Purpose).

Many techniques used in knowledge management have been developed or adapted to assist in eliciting knowledge from Subject Matter Experts (SMEs). When used in this manner these are generally referred to as "Knowledge Acquisition" (KA) techniques. While it may seem to those new at knowledge management that there are many different types of techniques which can be selected (seemingly at random) the reality is that the selection of knowledge management techniques is often driven by and tied to a specific need to elicit a particular type of knowledge. And one viewpoint is to assume that most KA or knowledge eliciting focuses on either concept knowledge or process knowledge, each having their own range within the parameters of tacit-to-explicit knowledge. And in using techniques to elicit knowledge, it is not uncommon to begin using more natural techniques and then to move toward more formal or contrived techniques.

As stated a business can use a variety of techniques to foster and promote knowledge management. The following are some of the techniques that can be applied.

After-action review

An after-action review is a tool to evaluate and capture lessons learned. It takes the form of a quick and informal discussion at the end of a project or at a key stage within a project or activity. After-action reviews enable individuals involved to review what has happened, summarise new knowledge and decide what action should be taken next. This discussion should cover what happened and why, what went well, what needs improvement and maybe what lessons can be learned from the experience. An after-action review provides a quick way of making an informed decision about how to approach the next action.

An after-action review involves major team members and is conducted as soon as possible after the specified stage, project or event. It is structured as an informal brainstorming session to build consensus on the following questions: What was supposed to happen? What actually happened? Why were there differences? What did we learn? What are the lessons for next time? It is important to create an atmosphere of trust and openness and to emphasise that this is a learning event, not a performance evaluation. It is also important to focus on improvement and to ensure that any mistakes made or poor practice identified can be turned into a learning opportunity. The review outcomes are normally captured during the session, on flip chart paper or electronically. This will depend on who the information is intended for and how it will be used. By recording and storing the outcomes of the interview on an intranet or website, those involved can refer back to what they have learned. The material can also be shared with those who may benefit from the acquired learning, particularly those who are working on a similar project or activity. An independent facilitator may be appointed to help draw out answers, insights and issues, and to ensure that everyone contributes. Alternatively, the interview could be facilitated by someone from the project team.

Case study

A case study is a written assessment of a project or important part of a project. It has a clear structure that brings out key qualitative and quantitative information from the project. Case studies are often published with a broad audience in mind, so it is useful to bring the most useful and transferable information to the fore. It is vital that project and programme teams capture and record their learning and best practice so that others can learn from what they have done. The structured case study format makes information accessible to the reader. And the fact that it is written – often with a view to being published means that case study information is usually enduring and far-reaching. Whether in print or online, case studies are one of the best ways to share learning and best practice with a large audience.

The way that a case study is written will depend on the purpose and intended audience. You have to decide what you have to share and what your audience needs to hear. You will also need to think about where the case study is going to be published, for example in print or online, internally or externally? These considerations will affect what you write and how. Many organisations will have their own guidance on what a case study should look like and what headings it should include. Most are between 800 and 1,500 words and will identify a problem or situation, explain what was done to address the problem or situation, and finally highlight the results. An example template is:

- Summary
- Key learning up front

- Background to the problem
- Key issues/problems in detail
- What was done – in chronological order
- Key outcomes and impact
- Material resources required
- Human resources required
- Barriers and how were they overcome
- How would you do it better?
- Key contact for further information.

Most organisations will also have their own style guide. This will contain useful information on how to write a case study: that is the language, tone and style to use.

Communities of practice (CoP):

A CoP is a network of individuals with common problems or interests who get together to explore ways of working, identify common solutions and share good practice and ideas. CoP resources are related to a specific area of knowledge. Informal communities exist in some form in every organisation. The challenge is to support them so they can create and share organisational knowledge. Communities of practice are organic and self-organising, and should ideally emerge naturally. They usually evolve from the recognition of a specific need or problem. A CoP provides an environment (virtual and/ or face-to-face) that connects people and encourages the development and sharing of new ideas and strategies. This environment supports faster problem solving, cuts down on duplication of effort, and provides potentially unlimited access to expertise. Technology now allows people for networking, share and develop practice entirely online. Virtual communities overcome the challenges of geographical boundaries. They encourage the flow of knowledge and enable sustainable self-improvement.

A wide range of approaches can be used when creating and developing CoPs. Before setting up a community, there are a few main points to consider:

- **Scope** – What do you want to achieve? Who is your audience? What are the boundaries?
- **Participants** – Who can make a major contribution? Do they share common needs and interests?
- **Roles and responsibilities** – Who are the experts, leaders, champions, facilitators?

- **Interest and involvement** – How will you attract interest? How will you engage participants? How will you develop your community?
- **Creating and sharing knowledge** – How will you interact, learn and share?
- **Moving forward** – How will you add value? How will you evolve?

Communities can have a limited shelf-life, but this is not always a bad thing. Sometimes a natural ending is reached – for instance when a group or a practice reaches a conclusion. As long as the learning is captured and redistributed, the success of the collaboration can inform others in the future.

Gone well, not gone well (lessons learned debriefing):

A gone well, not gone well is a quick and useful tool to get candid feedback at the end of an event or activity. It allows all participants to say which aspects of an event or activity worked and which didn't work in an open and accepting atmosphere. This tool is a useful way to close a session and provides an opportunity to discuss the event. It is especially useful in getting people to express more critical comments in a relaxed way. It helps facilitators and organisers of events to gather information that will help them do better next time. This is a facilitated session to get feedback and requires a flipchart to record the information. The flip chart is divided down the middle into two columns: 'Gone well' and 'Not gone well'. The facilitator asks the group to comment on anything to do with the event that went well or not so well. This could include content, delivery style, catering, room layout, discussion topics, materials used, plus whatever people want to raise in relation to the day. All positive and negative comments are written into the respective columns on the flipchart.

Knowledge of café:

A knowledge café brings people together to have open, creative conversation on topics of mutual interest. It can be organised in a meeting or workshop format, but the emphasis should be on flowing dialogue that allows people to share ideas and learn from each other. It encourages people to explore issues that require discussion in order to build a consensus around an issue. The knowledge café brings to the surface, in an informal environment, all the understanding we have in an area.

A simple and recommended method to execute a knowledge café involves the following steps:

- **Preparation**: Appoint a facilitator – someone who can encourage participation. Identify a question relevant to those participating. Invite interested parties. Create a comfortable environment – a 'café' layout, with a number of small tables, supplied with tea and coffee, is one option.

- **Procedure**: The facilitator should introduce the knowledge café concept, any codes of conduct, and finally pose the question. Participants should arrange themselves into groups to discuss the question. Each participant, in turn, shares their knowledge and experience without interruption, giving everyone an opportunity to talk. Alternatively, a 'talking-stick' can ensure only the person holding the stick can speak, thus avoiding the discussion becoming dominated by one or a few speakers. After each participant has shared, the group continues the discussion together. The groups should eventually reconvene to exchange ideas and findings – these could be captured electronically or on paper.

- **After the session**: The real value of a knowledge café is what people take away with them in their heads, and the new connections they have made with people. If the knowledge café is to be recorded – making sure to avoid disrupting or influencing the conversation – the information may be distributed to participants after the session. Remember, a knowledge café is not a talking shop. Turn-taking is important. If everyone is encouraged to have their say, a natural and stimulating group discussion should evolve, and good ideas won't be long coming.

Knowledge exchange:

A knowledge exchange takes place when someone is moving on from their current position. It aims to recover unique and valuable information from them before they leave. Knowledge exchanges occur between a knowledge holder and a facilitator. The knowledge holder is the person who is departing. The facilitator is typically a line manager or trusted team member – someone who is close to the leaver and can ensure the questioning is of sufficient depth and relevance. Ideally, the knowledge exchange will also involve the person replacing the knowledge holder or carrying out the tasks they leave behind. They will benefit from any useful tips and knowledge and from asking their own questions. When staff leave an organisation, they take with them the vital knowledge, experience and contacts they have built during their time there. The organisation suffers if this information is not passed on before they leave. Estimates suggest it takes at least six months before a new recruit contributes effectively to the organisation. Including checks of handover notes through the appraisal process protects organisational memory. If a council adopted this approach, time and money saved per year would equate to between 10 and 100 posts. Many organisations will already have some informal process in place to capture the knowledge of leavers. However, the best efficiency gains come from a formalised, structured knowledge exchange process.

The following steps could be followed to execute a knowledge exchange process.

- Two days prior to the knowledge exchange, the knowledge holder receives a copy of the questions that will be asked during the knowledge exchange.

- The facilitator follows these questions as a guideline, but they are best used as a means to focus on the four key areas of work: general information, key operational information, people and people skills and lessons learned and ‘pattern recognition’.

- Relationship mapping provides an overview of the relationships the knowledge holder has with key contacts in the organisation.

- The facilitator must then decide the best way to package this knowledge for the organisation. This may include: drawing up instructional guidelines, mapping business processes, producing a list of useful contact information and relationships and recording an audio or film some of the knowledge holder’s information.

- The facilitator may then choose to upload this information onto the team intranet or save as a standalone file for future reference.

Knowledge marketplace:

A knowledge marketplace could be seen as a ‘dating service’ for knowledge. It identifies what people know and what they need to know on a particular subject, then connects them appropriately. Knowledge marketplaces can be facilitated online, via email or face-to-face. It can be used in many situations and is particularly useful when delegating roles and responsibilities within a new project team. Success depends on the willingness of participants to both contribute and benefit in equal measure from exchanging knowledge. It is highly dependent on the degree of trust between individuals. It can be difficult to find people with the knowledge, skills and experiences you need on a specific topic. A lot of useful, specialist knowledge remains untapped in most organisations. The knowledge marketplace provides a forum to discover this knowledge and make it available to anyone who needs it.

Within the participating team or group, each person should take the following steps:

- Identify your knowledge requirements – these could be areas where you feel there are gaps in your knowledge.

- Identify your knowledge offers – these would be areas where you have knowledge and experience to share with others.

- Collect some basic information to start the ‘connection and collection process’, for example name, job title, organisation, email address, topic.

This information can be recorded in a form, an Excel spreadsheet, by email, or on a flip chart during the session. This information is then used to connect people to people, and the sharing process can begin. The sharing process could simply involve having a conversation. Or it could be exchanging business cards with people in who have knowledge or experience of benefit to you. Alternatively, the sharing could happen after the event has been recorded electronically and all the relationships mapped out and made available online.

Peer assist:

People can use a peer assist in gathering knowledge and insight from other teams before embarking on a project or activity. It partners those seeking assistance– ‘receivers’ – with a peer or group of peers who have expertise in the desired area. A peer assist can last from an hour to a full day depending on the size of the project. Talking to experienced peers about the best way to approach new projects saves time and money and avoids repetition of mistakes. It also creates strong links across teams and relationships between people.

A simple method that works well involves the following steps:

- Appoint a facilitator: Appoint someone from outside the team who will ensure the participants achieve their outcomes.

- Select the participants: Choose participants who have diverse knowledge, skills, and experience. There is no hard and fast rule about minimum or maximum numbers, but the right participants are particularly important.

- Share information: This is done by dividing the meeting time into four parts:

    - Clarify purpose: The receivers present the background and objectives of the project or task they are about to begin. They should also say what they hope to achieve in the peer assist.
    - Encourage the peers to ask questions and give feedback: The peers discuss the receiver’s situation and share ideas and experiences. The receivers should simply listen.
    - Analyse what’s been heard: This part is for the receivers to analyse and reflect on what they have learned and to examine options. The peers should take a back seat.
    - Present the feedback and agree on actions: The peers present their feedback to the receivers’ analysis and answer any further questions.

Rapid evidence review:

A rapid evidence review (RER) is a way of reviewing research and evidence on a particular issue. It looks at what has been done in a particular area and records the main outcomes. Evidence reviews can be run in several ways. Some are more exhaustive in their execution and ambitious in their scope. A fully-developed review will scan available literature as comprehensively as possible, using electronic databases and comprehensive sourcing. The RER provides a quicker but still useful way of gathering and consolidating knowledge. It’s a useful building block from which to start work on a new project. It should not be considered a definitive review, but rather the most suitable given the time and resources available. Any new piece of work is likely to draw on what has already been done by others in the sector. An RER ensures that you take account of this work before starting a project. This avoids duplication of effort and gives you a firm foundation on which to build.

RERs can be run in a variety of ways. Because of the volume of published material, a review will normally source and scan selected research. A model that could be used is by getting knowledge about emerging effective practices from consultants working in groups. It can be run as follows:

- Gather the group of people you are hoping to get information from. Ask them to write on paper any ideas and examples of work that relate to the issue you are researching.

- Stick these examples on the wall around the room and arrange them into themes.

- Group people according to the theme that contains their ideas or example of work.

- Run breakout groups by theme. Use group discussions to test the effectiveness of the practice. A facilitator should be present to record the discussion. As each person in the group discusses their work, the facilitator ensures that supporting evidence is recorded.

- Produce a report or document that summarises the discussion and outcomes. These findings should be published on the intranet, internet or as a paper publication, for anyone to use in future projects.

Retrospective review:

A retrospective review is an in-depth discussion that happens after the completion of a project, event or activity. It is structured to help the people involved reflect on the project in detail. Retrospective reviews ensure that you to retain learning from what has happened, understand why it happened, and it looks at what went well, what needs improvement and what lessons should inform future work. Every major project should conclude with a retrospective review. This is the main way of ensuring that lessons learned are recorded in an objective way. It also ensures that the information can be made available to others.

A retrospective review can be run in various formats, including a workshop or meeting. A simple method that works well involves the following steps:

- Preparation for a retrospective review: Appoint a facilitator – someone who can help create an open environment and encourage discussion. Invite all members of the team to participate. Collate and distribute documents relating to the project being discussed.

- During a retrospective review: Identify and review project objectives and deliverables. Identify and review the project plan and planning process. Discuss how success and lessons learned can be applied in the future. Discuss what could have gone better and how. Relay short summaries of main learning points to clarify understandings.

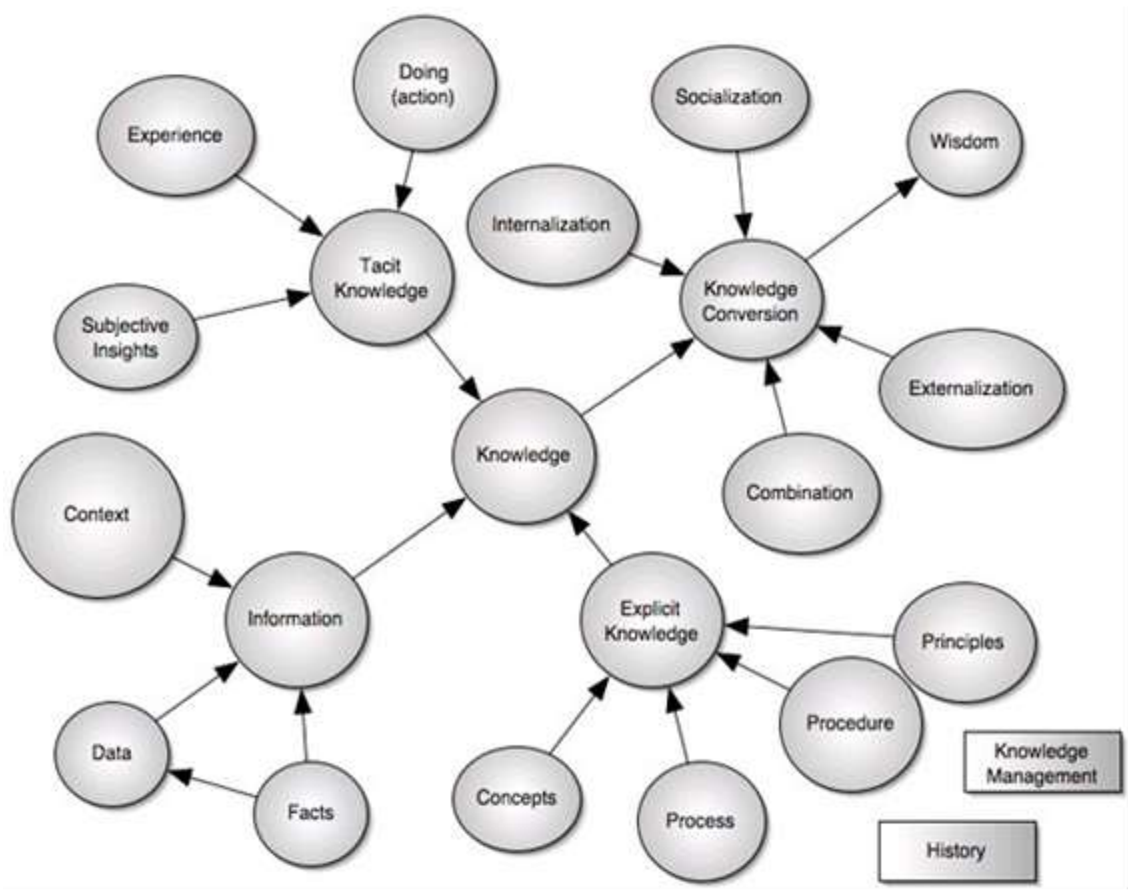
- Post-retrospective review: Record findings in an appropriate format and circulate to all participants. Publish or store the main learning points and recommendations for future use. This can include online case studies (Knowledge website), printed publications or reports. Formally close the retrospective review.

Throughout the retrospective review process, invite comments and feedback. This will help you learn as much as possible before the team disbands. To inform future work, ensure that everything has been properly documented and stored or published before formally closing a project.

The above knowledge management techniques are ways and means that an enterprise can apply to manage the knowledge in its environment.

COMPARE THE KNOWLEDGE MANAGEMENT PRACTICES TO THOSE OF OTHER UNITS

Knowledge management has a variety of activities which could be depicted in the following diagram:



A survey amongst companies practising knowledge management revealed that the top four knowledge management activities are the capture of lessons learnt (17%), capture of best practices (17%), implementation and use of a document/content management systems (15%) and the implementation and use of an enterprise portal system (14%). Other activities could be:

- Implement taxonomy.
- Capture customer knowledge.
- Document business processes.
- Build content repositories for business domains.
- Conduct knowledge audit.

Knowledge management applications rest on four important knowledge management pillars or activities. These pillars are the leadership/management, the organisation, technology and learning the culture of an organisation.

- **Leadership/management**: This deals with the environmental, strategic, and enterprise-level decision-making processes involving the values, objectives, knowledge requirements, knowledge sources, prioritisation, and resource allocation of the organisation's knowledge assets. It stresses the need for integrative management principles and techniques, primarily based on systems thinking and approaches.

- **Organisation**: It deals with the operational aspects of knowledge assets, including, functions, processes, formal and informal organisational structures, control measures and metrics, process improvement, and business process re-engineering. Underlying this pillar are system engineering principles and techniques to ensure a flow down, tracking, and optimum utilisation of all the organisation's knowledge assets.

- **Learning culture**: Deals with organisational behavioural aspects and social engineering. This learning pillar focuses on the principles and practices to ensure that individuals collaborate and share knowledge to the maximum. Emphasis is given to identifying and applying the attributes necessary for a "learning organisation." Organisational culture is one of the most important attributes in knowledge management – some authors estimate that 80% of the success of knowledge management rests on the pillar of culture.

- **Technology**: Technology deals with the various information technologies peculiar to supporting and/or enabling knowledge management strategies and operations. One taxonomy used relates to technologies that support the collaboration and codification knowledge management strategies and functions.

KNOWLEDGE MANAGEMENT APPLIED IN THE PUBLIC SECTOR

A case study in a public-sector domain (South Africa), revealed the following pertaining knowledge management:

Some of the **reasons** why knowledge management was needed in this public sector were:

- To achieve service delivery.
- Achieving collaboration and common language and orientation.
- Dealing with service delivery challenges such as by looking for solutions to the challenges and improving accordingly.
- Make new partnerships and create new connections across the department.
- Avoiding repetition or re-inventing the wheel.
- Strengthening relationships between spheres of government for effective service delivery.
- Using e-learning to build capacity and competence.
- To enhance knowledge sharing relating to customer needs and partner needs.
- For culturally relevant changes.
- For maximising the potential of the individuals and the organisation.

The idea of **using a charter** can be used as an important tool to ensure commitment from key role players towards a set of important values and principles. It is important that knowledge management role-players be active in knowledge management aspects such as:

- Knowledge generation (sources)
- Knowledge accounting (people, systems and processes)
- Knowledge application (using the knowledge to deliver services/products)
- Knowledge sharing (tools of sharing)
- Knowledge drivers/champions (who is involved; leading institutions)

The department under discussion discussed, adapted and adopted a knowledge management **vision** stating:

Vision: To position the South African public sector in all its spheres to be a leader in the creation, management, presentation, exchanges and use of knowledge.

Principles: Our people, their knowledge and their collective wisdom, are essential resources that support the services we provide Knowledge, experience, and learning are assets to be shared internally and externally in all our relationships Active engagement, dialogue with citizens (and communities), partners and stakeholders are key to ensuring our policies, programs and services respond to the needs of the public. Our work environment is one that attracts, nurtures and retains people, foster teamwork and exemplify a culture where knowledge is valued, supported and rewarded. (This makes us an employer of choice)

It was concluded that the benefits from knowledge management are:

- Reduced duplication.
- Reduced time spent on searching and retrieving information.
- Reducing the costs of mistakes.
- Improving evidence-based decision-making.
- Improve transparency.
- Discourage the SILO mentality in the public service.
- Excite public servants.

Some further aspects related to the knowledge management process were:

- **Costs of initiating** knowledge management: Especially in investing in personnel, systems and processes.
- **Tools for sharing knowledge**: Tools such as internet/intranet/e-mail, communities of practice, video (storytelling), sector workshops (virtual and real), documentation, post-mortems (close-out reports), a database of experiences, brown-bag sessions, staff associations.
- **Structural relationships**: A clear guideline was set on the relationship between innovation, HRM and IT, and knowledge management. The consensus was that innovation is an output of knowledge management, HRM is a complementary vehicle for knowledge management, and IT is a tool, an enabler of knowledge management.

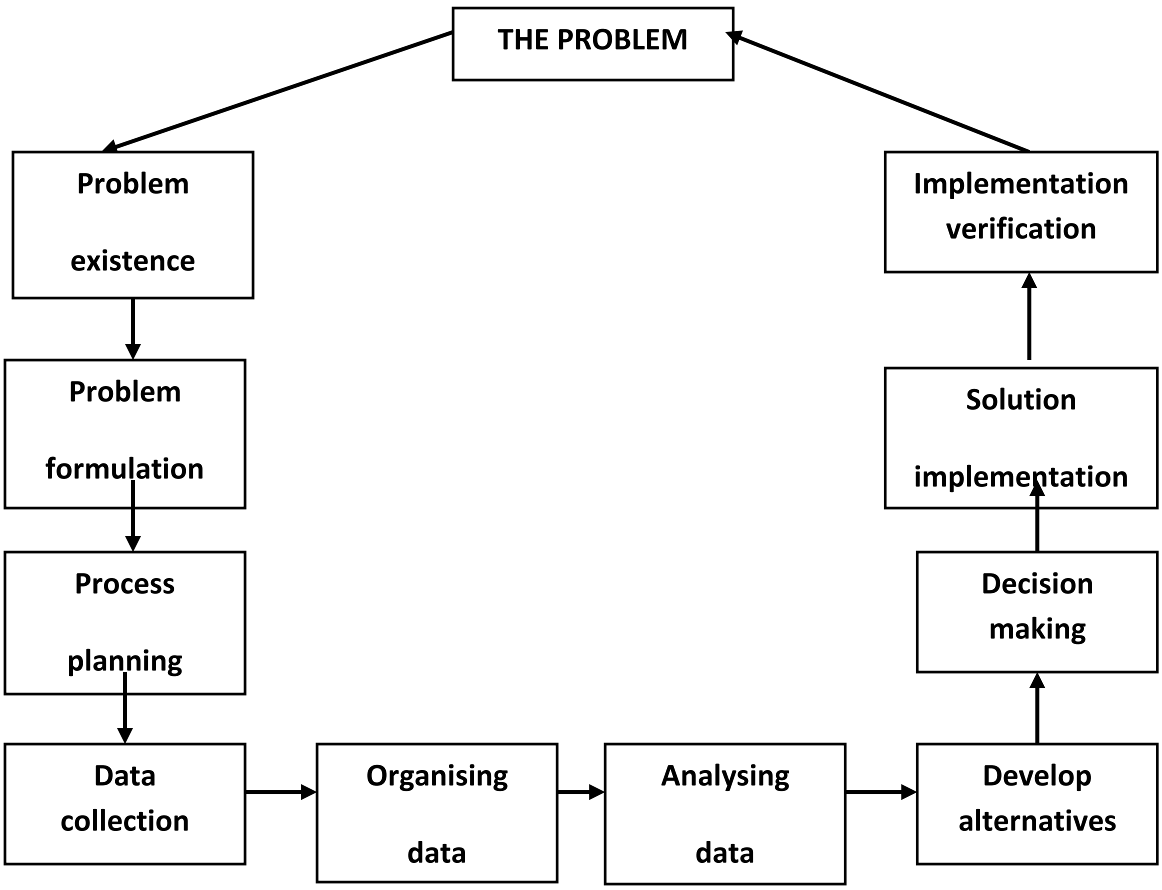
INTERPRET THE FINDINGS OF THE ANALYSIS

The analysing of explicit knowledge management could follow the same procedure as any other "statistical or problem-solving cycle" with the addition of attending to typical knowledge management matters.

Problem solving/statistical cycle:

In our daily lives, we use verified knowledge derived from data through a process of decision making. By decision making, we create a cycle from the unknown to the known to use the result for a specific purpose. We can call it a project cycle, an information cycle, a knowledge cycle, a statistical cycle or a problem-solving cycle, but the fundamental procedure stays the same.

THE PROBLEM-SOLVING CYCLE/PROCESS



The problem-solving process can also be explained by considering the following steps:

1. Consider what is going on. What is the actual situation?
2. What are the successes? What are the ideal situations in order to solve the problem?

3. What are the questions? In other words what questions must be asked in order to develop alternatives.

4. Generate answers or rather, generate alternatives.

5. Forge the solutions; develop practical solutions

6. Align the resources; implement the solutions.

Additional knowledge management factors

From a measurement viewpoint, qualitative data like stories, feedback, interviews, and focus groups can answer a question that quantitative data doesn't answer: Why? What caused us to get the numbers we got? What do they mean? In analysing the knowledge management system and in managing the knowledge, the emphasis should be on effective **measurement**.

In knowledge management, it requires both strategic thinking and an understanding of how to **develop measures.** Unfortunately, a valid measurement of knowledge management isn't easy and failing to measure could mean that in-depth information to evaluate the programs is not available. Managers don't know if they should keep on doing what they're doing or make adjustments. Measurement must have a **purpose**; measurement for its own sake is a waste of time. There are plenty of purposes for which we can produce measures that give information in context for specific reasons, such as:

- The return on investment for their knowledge management projects, such as faster time to market, reduced costs, and higher customer satisfaction
- Barriers to sharing knowledge
- Success in gathering and using knowledge from customers
- How people feel about knowledge sharing
- The maturity level of their knowledge management effort
- Progress in reaching their goals and achieving their strategy
- The efficiency of the approaches being used
- Identifying gaps in the approaches being used
- An assessment of their intangible assets
- The continuing health of their knowledge management system

The purpose is the starting point. It drives the rest of the measurement development. “You can only solve a problem when you can define the problem” Whether you have related or independent purposes, you need to keep them distinct and separate.

Measures that give a sense of what was accomplished in the **past** without a clue as to what will happen in the **future** are lagging indicators. Such measures do have value and can give you some of the knowledge in the context you need for an actionable understanding. The danger is in relying solely on these types of measures, no matter what your purpose in measuring is. On the other hand, they don't tell you what to do next. Ideally, any set of measures should have a balance of both leading (future) and lag (past) indicators. Identifying both the knowledge you need to guide your actions and also the knowledge that helps you judge your outcomes should be part of your purpose.

Measures are good, so the **more measures**, the better. However, measuring everything bypasses a critical benefit of a well-developed measurement system: a focus on what's important. As you develop measures, you need to look at your options. As you work through the requirements for defining and implementing effective measures, you'll discover that there are some things you just can't measure effectively. Sometimes you'll find it's too difficult to collect data. For others, it will turn out that the measures simply replicate the results of other activities. As in any creative process-and never lose sight of the fact that developing measures is creative - you need to generate many options before you come up with something you can actually use. But you also need to practice convergent thinking, narrowing your choices of measures to a critical few. Some relevant points are:

- Is it part of the strategic planning process?
- Are there key measures for each part of your business strategy?
- Do the measures focus on the vital few, the things that really matter for the success of your strategy?
- Do they flow from the top of your organisation down to the lowest level, with modifications as needed for each level?
- Are they well understood throughout your organisation?
- Are the measures taken often enough to provide a consistent guide for action?
- Are the results used to make decisions?

The generic **process** for developing measures has the following steps:

- Determine your goals.
- Describe the audience for the measures.
- Define the measures.
- Decide what data will be collected and how it will be collected.
- Decide how to display the measures.
- Examine the team of measures.

Developing measures is a reality check for your **goals.** For measures, you need goals that define the following:

- The success must be in clear terms.
- Success in terms that are measurable.
- A measurable success that is doable.
- A measurable success that matters to the organisation.

The level and scope of the measurement process helps to define the **audience** for your measures. If the company is involved in a global knowledge management effort that costs a lot of money, it would be worthwhile to consider the CEO and corporate board to be a potential audience, not to mention the external stakeholders. If, on the other hand, the effort is located within a specific business unit, the corporate board may be an option but not a necessity. At the same time, the senior managers in the business unit are an important audience. Regardless of the level, some critical audiences that should be considered are:

- People who approve the allocation of resources, such as funding.
- Management at all appropriate levels, to include middle management.
- The users, the people who implement and use the knowledge management approach or system.
- Others affected by the knowledge management approach, including other employees, customers, and suppliers.
- The people involved in running the knowledge management effort.

It is important to define the measures by giving it an “**operational name**” acceptable in the company. The name needs to be in simple, everyday language understandable by the audience for the measure. A good name is brief and gives a general idea of what is being measured. This operational definition is the blueprint for the rest of your work developing the measure. It gives you the specifications in enough detail to guide the work. It also tells you what is and isn't included in the measure. An operational definition is a working definition. It gives you a description of the measure that is detailed enough for the remainder of the development process. It also sets the boundaries for what is and isn't included in the measure.

It is also an important step for developing a good measure, one that actually measures what it is supposed to measure, not something else. This is called **validity**, a key concept in measurement. A valid measure is one that gives you the correct information you need for your intended actionable understanding. Validity for measures is contextual. It depends upon what question you are asking and what inference you will make from the measure. For example, if a goal defines success for a community of practice, a valid measure actually gives you the information you need to decide if the community of practice is successful. An invalid measure could lead you to assume that a community is successful when, in fact, it is not, or that a community has failed when it is, in fact, successful.

Another key concept for measurement is **reliability.** Reliability means consistency. The reliability of your measures will depend upon the consistency of the data collected. No matter how carefully you described the intended data and its collection, in practice, the actual data and its collection could vary widely from what you intended. For one thing, it may not be collected at the exact times you specify. While you can't control all of the variations that will happen (variation is inevitable), you do need to take special care when instituting new measures to give detailed descriptions for the data and to use effective communications. You'll also need to monitor how the data is collected over time. Reliability and validity are related. To be valid, a measure must be reliable. A scale that gives different results every time isn't valid. However, a reliable measure isn't necessarily a valid one. A measure can give you a consistent but dead-wrong result.

It is important to specify what data will be **collected** and how it will be collected. To determine what data will be collected and how the following directive questions can be of use:

- Who will collect it?
- What will data be collected?
- When will it be collected?
- Where will the data be collected?
- How will it be collected?

You need not only to be specific, but also be able to describe and communicate the specifications well enough so that the data collected is consistent.

The results must/should be **communicated.** Consider beforehand how the measures will be presented graphically, preferably on your intranet. If you're able to present using computerised graphics, you'll have many more options both for presenting and for dissemination, but don't try to cram in too much information into a single display. The more things you try to present at one time, the harder it is to understand. Try to limit each graphic presentation to a key facet of the measure. Determine how often the graphic displays will be updated.

Most importantly the measurement process should take the **corporate culture** into account. In this regard, you have to be aware that the measures could be communicated to everybody in the organisation and it will thus mean to visit the corporate norms and culture. Verify how measures are usually handled.

CONSOLIDATE THE FINDINGS AND MAKE RECOMMENDATIONS

Consolidate the findings in a report with recommendations on improvements within a unit and an entity.

DEVELOP A KNOWLEDGE MANAGEMENT IMPLEMENTATION PLAN

Paul Miller in his book, "*Mobilising the Power of what you Know*", explains twelve practical steps to get knowledge management in "action":

Step 1: Start With A Business Strategy:

The primary purpose of a company is to provide services and products that people choose to buy instead of those of the company's competitors. Before spending time and effort changing the way you work, you must ensure you understand your business strategy to which knowledge mobilisation can contribute.

Step 2: Create A Knowledge-Sharing Culture:

Creating a knowledge-sharing culture can take many years, but every step takes you closer. It recognised the paradox between the traditional culture of client confidentiality and its goal of encouraging its employees to share what they have learnt from cases. In actual fact, employees are not breaking client confidentiality by sharing information between colleagues. Some companies ensure that every employee is aware of everyone else's role around them, so they can turn to the right person when seeking knowledge. This has empowered employees by allowing them to take responsibility for finding the knowledge they need in speaking to the right people. Other companies have created centralised databases for and about their employees. Allowing people to understand who is the expert on what encourages employees to turn to each other for information and knowledge.

Step 3: Get The Right Structure:

The structure of an organisation defines who reports to who and who works on what. Consequently, the structure will affect your knowledge mobilisation. A structure which draws different people together for projects or encourages functions to work together will naturally encourage knowledge sharing. A flatter organisational structure encourages knowledge mobilisation. If there are too many layers within an organisation, knowledge mobilisation automatically becomes more difficult. Bureaucracies are not conducive to mobilising knowledge since the culture of 'information is power' pervades them.

Step 4: Create A Dedicated Team:

Changing the culture of an organisation is a major initiative, so it needs a dedicated team to push it forward. When adopting a culture of knowledge mobilisation, it is vital to enlist support to carry it through. This can either be a dedicated group of knowledge professionals or a project team consisting of employees from various functions. The team should assess what is needed and how this fits in with achieving business goals, review current channels of communication, encourage and involve people in the move towards knowledge sharing sustain, reinforce, reward and maximise knowledge sharing.

Step 5: Help People To Feel Secure:

Employees don't share knowledge willingly when they fear for their jobs and employees have become wary of becoming dispensable. It is almost impossible to create an open, knowledge sharing environment when experiencing employee cutbacks. People become suspicious of each other and of management; they want to hold on to their own knowledge as a way of maintaining something unique to offer the company. Companies must be aware that employees must feel secure in their jobs in order to share their knowledge. They usually do not feel part of the organisation, and they usually feel connected to their skill area and so share knowledge among other professionals with those skills, some of whom may be in the competitors' company.

Step 6: Reward Those Who Share Knowledge:

When changing a culture, you need to create methods of reinforcing the new approach to business, and remuneration is one of the most powerful ways of doing this. knowledge management contributions should be recognised in the pay structure. If employees are being rewarded for initiating methods of mobilising knowledge, or for their contribution to a team, it will assist with creating a culture where this happens.

Step 7: Ensure Commitment From The Top:

A Culture change needs to be led by example. Commitment from the top is essential to a successful culture change. The role of the CEO is essential to cultural changes. If the CEO changes, so do the company culture.

Step 8: Capture Soft Knowledge:

Connect people with people - not systems - so that the knowledge can be captured. There appears to be a correlation between how difficult knowledge is to capture and its usefulness to a company. Soft knowledge, which resides in the minds of employees, is difficult and at times impossible to access. Companies are recognising that it is vital to share ideas, creativity and opinions, as well as facts and figures, to give themselves a competitive edge.

Many companies operate systems of monitoring competitor activity. Employees are asked to contribute any information, even rumours, on their competitors through intranets and databases. Each item can be discussed or added to through a feedback system; it assesses opinion rather than hard facts. Asking employees to contribute rumours, can be an important method of keeping as up-to-date as possible with the market. In this way, it is possible to prepare for potential competitor activity prior to its occurrence. Looking at facts along can only provide historical information. One way to capture soft knowledge is to create networks so that people can communicate with each other on more than one level.

Step 9: Handle Technology With Care:

Technology can enable knowledge mobilisation, but it is useless without the necessary culture - people must want to share knowledge. It is essential to invest in suitable channels of communication but, in itself, can hamper the process to achieve knowledge mobilisation. Those companies that had invested heavily in technology saw it as a useful tool. However, they were aware that it also brings its own set of problems, for example, face-to-face meetings can be replaced by electronic communication. However, the benefits of technology (when used properly) cannot be overlooked. It can create the lateral spread of information, it can make sharing knowledge feasible, both logistically and economically, and it can prevent information overload.

Step 10: Maximise Employee Know-how Through Active Learning:

Investment in employee training is rising at a rapid rate. As competitive pressures increase, companies are spending more and more on training selected employees in specialist areas; this naturally creates islands of expertise. This can be minimised by ensuring that these employees can share their new-found knowledge by cascading learning through the organisation. Similarly, functions within large organisations are becoming increasingly distinct in their skills and operations. Using the intranet and similar systems enables cross-functional knowledge transfers, increasing awareness of functional roles and responsibilities as well as maintaining a relationship between departments.

Step 11: Persist And Measure:

When people leave the company, they take their training and know-how with them. To minimise the impact of a departing employee, companies should capture as much as possible of that person's knowledge before they leave. This could be done through continuous participation in knowledge mobilisation systems. An exit interview is another useful way of recording an individual's history at a company. The interview should be carried out by an expert to ensure that the most useful information is extracted. Access to such interviews is an excellent starting point for the newcomer in understanding their role, the culture and some of the softer issues of their new position. It is essential to define success criteria and introduce instruments to measure the impact on the business before a project is implemented.

Step 12: Share With Other Companies And Get A Win-Win Strategy:

Be open to the idea of sharing non-sensitive information with other companies - it's better for this process to be managed than for you to turn a blind eye to unofficial channels of information sharing. Information can be shared through trade organisations, strategic alliances or other networks. Great savings can be made by sharing knowledge and pooling resources with other companies. It is interesting to note that the results of our knowledge sharing report are being shared by all the participants; in itself, the report is a knowledge mobilisation exercise.

It is almost impossible to measure and/or analyse knowledge, especially tacit knowledge, in the context of input-system-output as used in knowledge management. The so-called analysis of knowledge is fundamentally a human interaction between humans.

DESCRIBE THE ROLE OF THE MANAGER IN IMPLEMENTING THE PLAN

Somebody has to “manage” the knowledge management -process. In knowledge management research it was found that it is a pivotal issue in migrating to a knowledge strategy to create a culture to support trust and collaboration. If knowledge is to permeate in an organisation, it would be worthwhile to redefine the manner in which value is measured, change the way in which individuals approach their work, and alter corporate culture forever and look for an internal champion to lead the known cause. It is a debate in the knowledge management field as to what form of a leader is necessary and what level of authority that leader needs to be effective. It can be argued that knowledge leadership is not new. Managing the knowledge of a process is a requirement in any enterprise, even an enterprise of only one person. However, today, knowledge is not the proprietary property of a few craftspeople or executives working within the inner sanctum of an organisation. Instead, it is a common property of virtually all workers. Add to this the transient nature of today's workforce, the need to quickly connect and mobilise geographically disbursed teams, and the highly technical nature of modern work and you have an immense demand for greater sophistication in the way knowledge is managed.

Although there are a number of organisations with a knowledge management leader/manager in place, these are rare. Many other lesser-known titles and associated responsibilities are in use in organisations throughout the world to identify and characterise their knowledge leaders. You should consider each of these and determine the approach that is best for you and your organisation. Although no taxonomy could possibly set forth all of the titles and responsibilities included under this topic, the following are general categories that could be considered.

- Knowledge engineer: The knowledge engineer is a leader typically associated with an organisation that is taking a very tactical/procedural approach to knowledge management. As the title infers, the knowledge engineer is responsible for converting explicit knowledge to instructions, programs systems and codified applications. The knowledge engineer reduces knowledge-based work to replicable procedures by codifying them. The principle challenge of this position is performing it without outgrowing it. Effectively, the better knowledge engineers codify knowledge, the harder it is for the organisation to change when their environment demands it.

- Knowledge analyst: This type of knowledge leader is a conduit to best practices. The knowledge analyst is responsible for collecting, organising and disseminating knowledge, usually on demand. Knowledge analysts provide knowledge leadership by becoming walking repositories of best practices. The liability, of course, is that they can easily take all of the best practices with them if they leave. There is also a risk that these individuals become so valuable to the immediate constituency they serve that they are not able to move laterally to other parts of the organisation where their skills are equally needed.

- Knowledge manager: As the title infers, the knowledge manager is an overseer. This approach to leadership works best in organisations that believe knowledge will primarily be the responsibility of multiple individuals throughout the organisation. The knowledge manager is responsible for coordinating the efforts of engineers, architects, and analysts. This position is most often required in large organisations in which the number of discrete knowledge sharing processes risk fragmentation and isolation and the knowledge manager provides the same level of coordination across these as a director of marketing may provide across a number of products. The risk of having knowledge managers is that fiefdoms may begin to form around the success of each manager's domain.

- Chief knowledge officer (CKO): This is a very traditional, hierarchical approach to the management of knowledge. The CKO is responsible for enterprise-wide coordination of all knowledge leadership and typically reports to, or is chartered by, the CEO. Although it would go to reason that the CKO be part of IT (perhaps reporting to the CIO) this is not often the case. The CKO is not tasked with the infrastructure technology but, rather, the practice of knowledge leadership. At present, the role is almost always a solo performer with little if any, staff and no immediate line-of-business responsibility. The principle liability of putting a CKO in place is doing it too early: the CKO is powerless before a culture of knowledge sharing, incentives, and the basic precepts of knowledge leadership have been acknowledged by the enterprise or at least a significant portion of it.

- Knowledge steward: The knowledge steward is similar to a knowledge manager. The steward thrives in organisations that do not view knowledge as a corporate resource that must be managed from the top down. This role is responsible for providing minimal but ongoing support to knowledge users in the form of expertise in the tools, practices and methods of knowledge leadership. The steward is in the most precarious and most opportunistic of positions. Usually, he or she is an individual who has fallen into the role of helping others to understand better and leverage the power of new technologies and practices in managing knowledge.

- CoP: It is just good practice to incorporate CoPs in a knowledge management structure. As previously stated, a CoP is a network of individuals with common problems or interests who get together to explore ways of working, identify common solutions and share good practice and ideas.

It is up to the organisation to decide upon the most suitable knowledge management structure in the company; obviously, the knowledge management culture would dictate which structure to use.

DEVELOP AN OPERATIONAL PLAN FOR MANAGING KNOWLEDGE IN A UNIT

The operational plan includes activities, role players, time-scale, measurements, costs, benefits and potential risks.

How to assess an environment and begin implementing a Knowledge Management Program:

1. Develop an information/content management survey.

2. Identify the gaps in current information/content management methodologies, identifying information categories, types, access locations, owners/authors, usage, effectiveness, feedback, and any existence of communities of practice.

3. Build relationships by leveraging the people and the work they have been doing in trying to organise their information/content. Do not discredit people's attempts to build upon them.

4. Build a comprehensive taxonomy and migration plan and begin moving current information into a new taxonomy.

5. Develop information/content management processes, roles and responsibilities.

6. Build digital communities of practice to keep your core knowledge champions and mentors engaged.

7. Set expectations/objectives for information provision and use.

8. Conduct knowledge management awareness seminars addressing issues of "Knowledge is power," "Not my job," and "I don't have time."

9. Develop incentive methodologies to encourage *quality* contribution of information/content.

10. Develop constant and consistent communication methodologies to keep people excited and informed.

How to avoid pitfalls and obstacles during Knowledge Management Implementation:

1. Educate, communicate, educate, and communicate.

2. When assessing an opportunity that requires people's time give a plan of action back designed to fix their problem and deliver on that plan by exceeding expectations. (ROT) return on time. This builds creditability and trust. *People spread the good news and bad news with the same enthusiasm.*

3. Don't become discouraged with push back. Exercise the 20 – 30 – 50 rule. 20 % of the culture will be willing to change; 30 % will resist change, and 50 % will be undecided. Focus on the 50 % undecided. Give rave recognition to the 20% that are participating and the 50 % will soon follow. After 70% of the organisation has crossed over the 30% will stand so far outside the circle they will be obligated to join or lose creditability.

How to obtain support for a Knowledge Management project at the Executive Level:

1. Find an opportunity to apply knowledge management principles and practices in a small pilot; show the benefit and support will soon follow. You are building a reputation; respect for your efforts will follow your ability to improve the existing environment.

2. Show the return on investment in quantitative or qualitative terms in areas of increased productivity, increased capacity, and time savings. (Increased innovations would be nice, too) Some companies or industries are more conducive to innovations by design (i.e. drug and food) than others, but innovation is still valid in all areas.

How to evaluate and chose the right Knowledge Management Technology:

1. Develop your people, process, and content components first and then select a technology to enable them.

2. Many vendors claim to have a knowledge management solution. You may find that no one technology or tool will work for your environment. Many tools/technology may have to be integrated into back-end architecture to meet all the requirements.

3. Run a side by side comparison of each tool/technology weighing the risk, benefits, pros and cons in the areas of functionality provided to meet your requirements; evaluate long-term relationship/costs with the supplier. Do they insist on their knowledge engineers be used any time new functionality or changes need to be made or knowledge provided? Does it make more sense to develop a knowledge management environment of knowledge managers, engineers, practitioners, editors, etc. within your company?

4. Technology is changing all the time; be sure your knowledge infrastructure can adjust; plug and unplug technologies without breaking your people, process, and content components.

How to measure the result of Knowledge Management Implementation:

1. After determining the gaps rate the environment with levels of knowledge management maturity. Example: Level 0 (No plan to fill the gap), Level 1 (Planned), Level 2 (Developed), Level 3 (Deployed), Level 4 (Performed), Level 5 (Adopted). After the program has been adopted measure the usage and effectiveness of the knowledge management processes and products being used to accelerate the pre-knowledge management environment. The success or failure of the environment will be a direct reflection of the knowledge management processes and products.

2. Before implementing knowledge management principles and practices into a targeted department or organisation record previous moral, productivity, and bandwidth. After implementation use story-telling for a qualitative measure of morale and look for quantitative methods to measure the delta in productivity and bandwidth or increased capacity. Time to access information before and after, time spent researching and rediscovering before accessing a knowledge base of previously discovered answers or solutions.

3. Replace the traditional industrial age practice of "create more quantity when asked for it, with providing more value when made aware of it". To simply demand information contribution by metric may result in poor quality information; further resulting in the reactionary practice of cleansing.

4. Integrate communities of practice into your knowledge management program and measure the productivity and efficiency gains of digitally collaborating on common objectives vs E-Mail correspondence and cost-intensive physical status update and action assigning meetings.

PROMOTE THE OPERATIONAL PLAN

The promotion of the plan could include explaining the principles of knowledge management to team members, acting as a change agent for knowledge management, and creating an enabling environment for the creation, transfer and sharing of knowledge within a unit and an entity.

Every organisation has a unique environment, defined by factors such as:

- purpose and activities of the organisation
- overall strategic direction
- organisational culture
- size of the organisation
- geographic spread
- staff skills and experience
- organisational history
- available resources
- marketplace factors

For this reason, each organisation has a unique set of needs and issues to be addressed by knowledge management. It is easy to jump into ’solutions mode’, recommending approaches such as communities of practice, storytelling, content management systems, and much more.

While these approaches may have widespread success in other organisations, they will only succeed in the current environment if they meet actual staff needs.

In practice, organisations are littered with well-meaning but poorly targeted knowledge management activities. In many cases, these failed because they simply didn’t address a clear, concrete and imperative problem within the organisation. This is now recognised as one of the ‘critical success factors’ for knowledge management: identify the needs of the organisation, and then design the activities accordingly.

Emerging technologies

Executives are more mobile in the new economy and depend upon telecommunications to conduct business away from the office. Today’s executives are more challenged than previous due to the emerging mobile economy. Also, the convergences of Internet, e-business and wireless have created new opportunities for mobile economy (m-economy) companies in developing emerging management enterprise systems to meet the needs of mobile executives.

Today’s workers are more mobile, and they look towards the telecommunications and information technology industries for solutions to allow them to conduct business while on the move. However, there many front-end mobile devices (e.g., personal digital assists, cellular phones, notebooks, hybrid x-boxes) that can connect to back-office information systems (e.g. web-based database) via wireless technologies (e.g., VoIP, and broadband) and standards (e.g., Bluetooth, WAP 2.0 and IEEE 802.11). Low-cost telephone service via VoIP technologies will fuel the growth of the m-commerce market. Also, new security applications (e.g., encryption) will emerge to protect the data transactions and voice communications over wireless networks.

It can be argued that the convergence of telecommunications, Internet, Web and computer-mediated networks (post 3rd wave era) created new opportunities for information management companies. Executives with frequent travel schedules are challenged to make decisions away from their home offices. It is clear that the current management support systems must evolve to meet the needs of these busy managers and executives. Also, the borderless new global (24/7) economy has forced many organisations to respond to the customers' demands before competitors do. For example, major automakers (i.e., General Motors, Ford Motor Company, and DaimlerChrysler) are integrating emerging technologies into their business processes and manufacturing facilities to respond to customers' demands for competitive products and faster delivery dates.

It can be argued that most organisations are implementing new e-strategies to remain competitive in the new economy. Managers are participating in new information technology projects to take advantage of Internet capabilities, For example, business-to-business (B2B), business-to-consumer (B2C), customer-to-business (C2B), and e-commerce strategies are implemented in conjunction with enhanced MSS. This approach has streamlined the management decision process thereby improving organisational effectiveness. Customers can place their orders directly with companies via e-commerce technologies, and the related information is automatically processed by the MSS.

Emerging management support systems models

Key drivers (i.e., business, legislative, technological) that are forcing many organisations to evaluate their current MSS and make a decision (re-engineer, replace or retire) about which information tools are best suited to compete in the new global economy will also be examined. In addition, the relationship of tenets (inputs) of the emerging management enterprise management systems and the relationship to customise emerging management support systems (outputs) will be discussed.

DESCRIBE THE IMPLEMENTATION OF THE PLAN

Knowledge is the key to decision making and strategy building. But knowing does not always translate into doing it. It is very critical for organisations to implement right and effective tools for managing organisational knowledge to build and sustain competitive advantage.

Knowledge Management facilitates creation, consolidation, transformation, sharing, distribution, and application of knowledge. No two organisations can follow the same methodology to implement knowledge management. And it is not necessarily true, if an approach works for one organisation, that another organisation can use it as a cookie cutter. Knowledge is very subjective by definition and varies from one organisation to another. Even if organisations are in the same business domain, knowledge management methodology may be the same, but the implementation approach may be completely different.

Knowledge starts with an understanding of an organisation's business perspective and future strategies. Organisations have not been able to implement effective knowledge management practice for the very reason that they do not understand their problems, opportunities and strategies clearly. Knowledge management starts with an understanding of business processes and offerings. The organisation needs to understand what knowledge is for them and what is not. Initially while setting up a knowledge management program, technology should take a back seat. The focus should be on processes and people, and technology should be seen as an enabler. Many organisations make mistakes by implementing technology before understanding the organisational knowledge assets and processes.

For example, a Software consulting organisation should know that organisational assets are projected documentation and code. They need to organise and store the assets in a way that everyone in the organisation should be able to re-use them and thereby reduce the learning time. The organisation gains the competitive edge by transforming the assets into knowledge and thereby improving productivity and developing core competency. The tremendous growth and profitability of the Indian Software Industry are attributed to an effective knowledge management program.

Steps for implementing an effective knowledge management program or practice include:

1. Identifying knowledge - Organisations need to identify all sources of the knowledge and information so that it can be consolidated, stored in the centralised or distributed repositories, and shared and distributed when required.

2. Organising Knowledge - Once the knowledge sources are identified, the next step is to organise and provide structure to knowledge in the organisational taxonomy. It helps in removing unnecessary and redundant information and also provides structured navigation to the information. In this step, organisations need to understand boundaries of explicit and tacit knowledge.

3. Transforming Knowledge - Knowledge needs to be transformed in a way that facilitates decision making and enhances the building of new strategies. The knowledge needs to be internalised, socialised and externalised so that it is shared and applied in an efficient manner.

4. Measuring knowledge benefits - No process can be improved if it is not measured for success. The key to the success of knowledge management is the ability to measure the effectiveness of the knowledge management system. The monitoring and control of processes are necessary to identify opportunities for eliminating redundancy and to allow for continuous improvement.

Remember: Technology should be seen as a facilitator or enabler of a Knowledge Management program. Despite technology support, knowledge management may fail due to a lack of support from management and staff.