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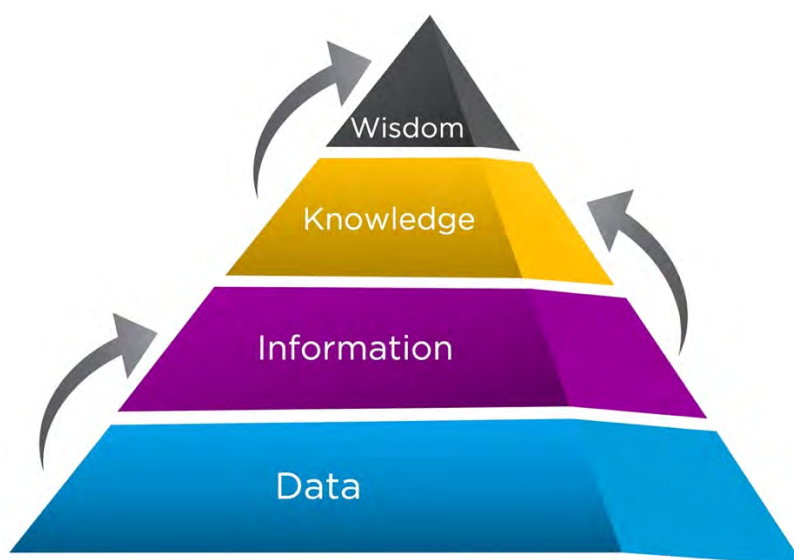
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Knowledge Management and Innovation

Knowledge management is essentially the cultivation, harvesting and utilisation of knowledge. As innovation is the commercialisation of new ideas, knowledge plays a pivotal role in the innovation process. It's an essential part of making sure you capture the most from your innovation efforts.

How to boost your knowledge management capabilities

You can gain knowledge via experience, experimentation or acquisition; however, knowledge is built on data and information that is used to improve understanding (knowledge) and ultimately better decisions and outcomes (wisdom).



Data - discrete pieces of raw observation, numbers, words, records and so forth that don't have any context (i.e., they have no meaning without additional context)

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Information – data with additional context (it can be organized, grouped, categorized into some pattern and so forth) that gives it greater meaning

Knowledge – deeper and richer information that’s contextualized, so it has greater meaning, leads to improved understanding and has a higher value

Wisdom – knowledge that leads to making better decisions and achieving better outcomes.

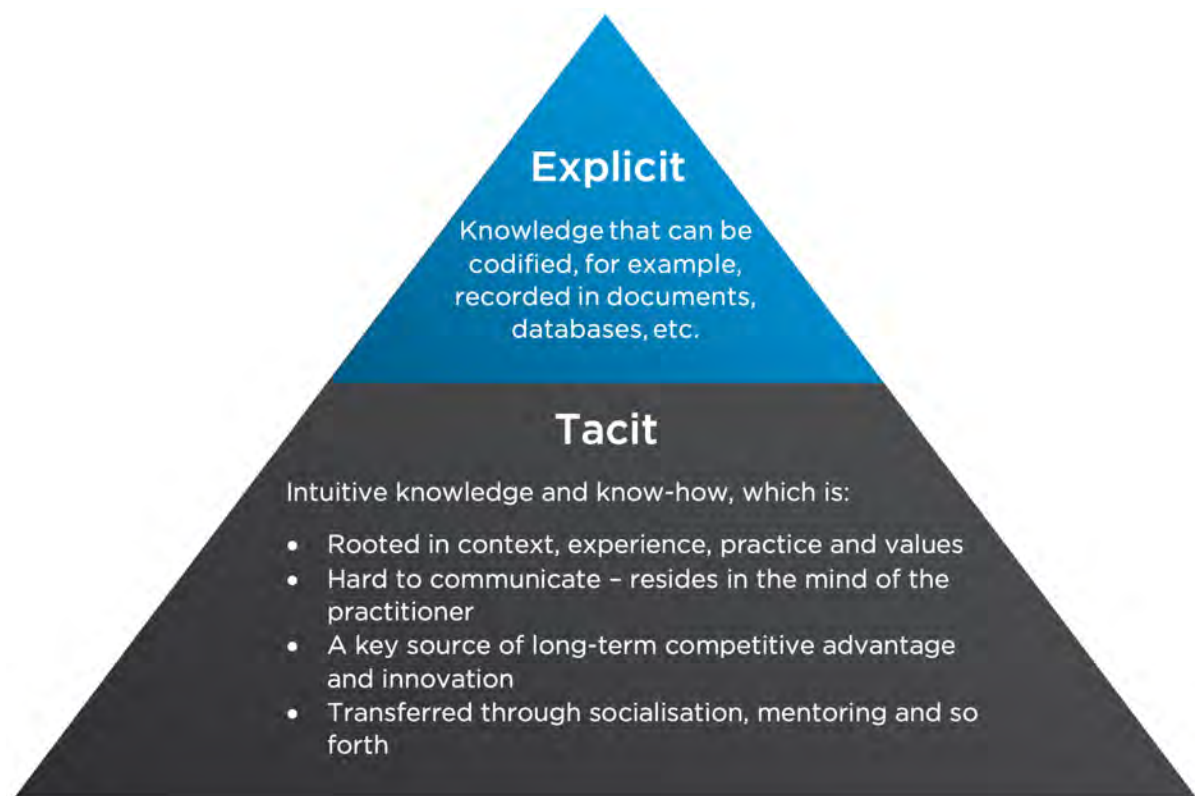
Knowledge management’s objective is to facilitate building knowledge and, ultimately, the wisdom that enhances innovation capability.

The difference between tacit and explicit knowledge

You can divide knowledge into two broad categories:

Explicit knowledge – knowledge that you’re aware of and can codify

Tacit knowledge – knowledge that you possess but aren’t aware you know, or you find difficult to explain (codify).



Typically, a great deal of business knowledge is tacit knowledge and not easily accessible. The more tacit knowledge is codified and converted into explicit knowledge, the more quickly you can share it and the more value you can derive from it.

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Knowledge you can't access and share is of limited use. Accordingly, one of the main activities involved in knowledge management relates to **codifying tacit knowledge** to be easily shared and used to drive the ideation and problem-solving processes associated with innovation.

By codifying knowledge, we mean converting tacit knowledge into explicit knowledge. For example, you can codify tacit knowledge into policies and procedures, practice statements, operational manuals, resource guides, welcome packs, training guides, work practices, expert reports, white papers and so forth.

The knowledge management process

The knowledge management process involves several critical steps, including:

1. Identifying and codifying existing knowledge
2. Generating and acquiring new knowledge
3. Storing and retrieving knowledge
4. Sharing and distributing knowledge
5. Exploiting and embedding knowledge into processes, products and services.



You can significantly build your understanding of each of these steps to manage knowledge effectively and improve your business' operational performance and innovation capabilities. To help you with your knowledge management, we'll now explore each of these steps in greater detail.

Identifying and codifying existing knowledge

The knowledge identification process should involve examining (auditing) knowledge that currently exists inside your business. Your principal objective should be to assess what information and knowledge you currently have, codify mission-critical knowledge and identify any material knowledge gaps.

Once you've identified your mission-critical gaps, you can then prioritize and codify them per their relative importance to your business strategy and risk management needs. Where appropriate, your codification process should aim to convey the underlying logic or causal factors so that you can apply knowledge effectively in a variety of circumstances. **You must strive to move beyond rote learning and encourage a more in-depth understanding.**

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Once you've identified and codified your mission-critical knowledge, begin considering other knowledge gaps that will further advance your innovation capabilities and specific projects.

Generating and acquiring new knowledge

Accelerating your learning curve and building knowledge as quickly as practical, is essential to sustaining competitive advantage and building innovation capability. While knowledge comes primarily from experience, experimentation or acquisition, each of these methods of accumulating knowledge is essentially different.



You gain much knowledge through experience.

However, this can be a slow process and may translate into suboptimal and potentially detrimental knowledge at times (depending on the experience). That is, your experience doesn't always lead to optimal outcomes and valuable knowledge.

You can gain knowledge more effectively and rapidly with a systematic approach to learning through:

- Experimentation
- Scanning, filtering and evaluating the internal and external environment for opportunities to invest in or acquire knowledge.

While you should employ all methods of acquiring knowledge, you should avoid over-relying on experience. Ultimately, a key component of your knowledge management and innovation processes should be to synthesize and create new knowledge. This involves using your existing knowledge bank and recombining and building on it.

The more appropriate and systematic your knowledge generation and process are, the more it will fuel your innovation activity.

Storing and retrieving knowledge

As you generate and capture knowledge, you'll need to store it and ensure it can be searched, found and retrieved as required. This applies regardless of whether knowledge results from codification, recombination or the creation of new knowledge.

Providing efficient and effective access to knowledge comes from actively developing knowledge repositories, including key:

Operational and strategic knowledge – processes, practices, policies, excellence, best practice and so on

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Resources – lessons learned, critical information, subject matter experts and so on.

How you store knowledge plays a significant role in its accessibility and searchability. You might not need a specific knowledge management software, but you will need to invest time and effort in something practical, accessible, searchable and shareable as you build your knowledge base. There are many options, including:

- Paper-based documents, folders and filing systems
- Electronic file creation and storage programs and systems
- Dedicated electronic databases
- Dedicated knowledge management software programs.



Information technology will likely play a role in your knowledge management processes. The key is to find a system that works for you!

Sharing and distributing knowledge

Sharing knowledge means actively socialising knowledge to encourage greater cultivation, harvesting and utilisation. **The more you share knowledge, the more it leads to new understanding and new knowledge.**

The larger your business, the more critical knowledge sharing and distribution tasks become. This means actively converting tacit knowledge into explicit knowledge, socialising knowledge by distributing it through your business and making sure it's absorbed. The more you codify, share and understand knowledge, the more you can apply it to your problem-solving and innovation activities. This can be done by:

- Granting access to codified knowledge
- Electronic distribution of codified knowledge (email, intranet, internal chat rooms and so on)
- Group presentations
- Training and development programs
- Mentoring and coaching
- Knowledge management applications, and so forth.

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Again, the key is to find a system that matches your circumstances and needs.

If you'd like to learn how to develop sound knowledge management and innovation practices in your business, call [Fortitude Business Consulting](https://www.fortitudebusinessconsulting.com.au) on **1300 551 040**.

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