

OAKS[®] (Organizational Analysis of Knowledge and Sensemaking)

**The OAKS[®] knowledge audit methodology was created by Dr. Dennis K. Leedom of Operational Strategies*

Developing and maintaining a competitive edge within an industry requires knowledge. Yet knowledge is one of the least understood business concepts in the world today. Too often, information is mistaken for knowledge, prompting many companies to invest heavily in information technology with little tangible benefit to their operations. By contrast, knowledge is best described as a dynamically constructed state of understanding that enables a business organization to move in a coherent manner from strategic vision, to an effective business plan, to agile operations in a competitive (and often evolving) market environment. Creating knowledge of this sort requires effective integration of several elements:



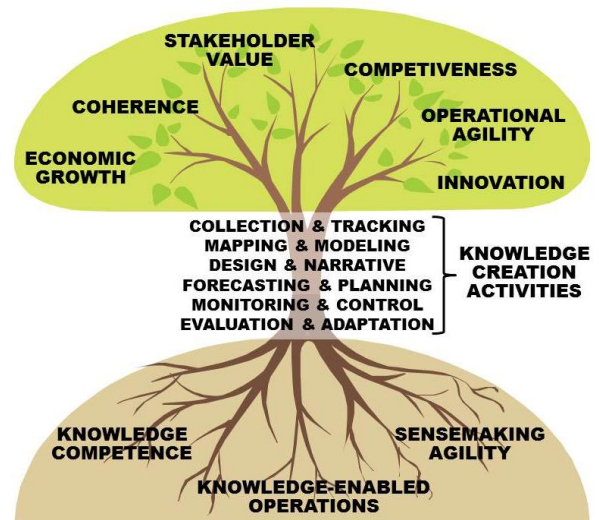
- ✓ Availability and use of relevant experience and expertise
- ✓ Focused collection and analysis of relevant information
- ✓ Appropriate collaboration, sharing, and documentation
- ✓ Supportive culture of learning and adaptation
- ✓ Process oversight and adjustment consistent with needs of decision makers

These various elements have been traditionally addressed through individual initiatives championed by a company's leadership, planning teams, human resources department, information management department, external consultants, and so forth. This approach is akin to the story told about the committee of blind men each describing different parts of an elephant. While each initiative focuses on a different facet of knowledge creation, they collectively fail to provide an understanding of how these elements operate as an integrated system.

By contrast, the OAKS[®] knowledge audit methodology examines the knowledge management practices of a company from a holistic perspective. Drawing insights and methods from the fields of organizational and behavioral science, management science, and computer science, the OAKS[®] methodology assesses the manner in which leadership, human capital, information technology, corporate culture, and patterns of collaboration combine to meet the needs of policy makers and managers. The OAKS[®] knowledge audit methodology also considers how these elements and activities must be adapted in response to different types of problem environments.

The OAKS[®] methodology views the knowledge management practices of a company as a tree with three major parts. The most visible and obvious part of the tree includes various branches of its business goals: **economic growth, competitiveness, innovation, stakeholder value, coherence, and operational agility**. These are the areas directly impacted by the quality and timeliness of the knowledge produced within the company. Supporting these branches are the specific knowledge creation activities carried on within the company. They include:

- ✓ **Collection/Tracking:** Assembling the requisite variety of information needed by the other knowledge creation activities
- ✓ **Mapping/Modeling:** Building a cause-effect understanding of the business environment, work flow, and problem sets
- ✓ **Design/Narrative:** Framing a strategic vision in terms of a business design, operational narrative, and progress metrics
- ✓ **Forecasting/Planning:** Developing detailed work plans in response to alternative business futures
- ✓ **Monitoring/Control:** Real-time adjustment of operations in response to market anomalies and work flow issues
- ✓ **Evaluation/Adaptation:** Learning and revision of the business plan in response to emergent risks and opportunities



Nourishing and sustaining these activities are three foundational attributes: **knowledge competence**, **sensemaking agility**, and **knowledge-enabled operations**. Derived from state-of-the-art research findings and insights, these attributes describe the essential capabilities needed to operate in today's competitive, knowledge-driven environment.

- ✓ **Knowledge Competence:** The ability of a business organization to (1) **assemble** the requisite variety of information and human expertise needed to **create** operational understanding, (2) **organize** this knowledge relative to goals of the organization and its business environment, and (3) **tailor** this knowledge to the decision responsibilities of the organization's policy makers and managers
- ✓ **Sensemaking Agility:** The ability of a business organization to **adjust** its knowledge resources (*people, organizational culture, standard operating procedures, and information systems*) and knowledge creation processes (*analysis activities, working groups, enterprise wikis, review boards, and decision cycles*) in relationship to the demands of different problem environments (*well-formed/stable, abstract/expert-driven, emergent/novel, chaotic*).
- ✓ **Knowledge-Enable Operations:** The ability of a business organization to create value and maintain competitiveness through the effectively **framing** and **control** of its operations (*marketing, sales, production, services, financial, human resources*) in the context of a complex and emergent business environment (*multiple stakeholder interests, competitive resource and customer markets, emerging technology trends, and political/regulatory systems*).

Because each business organization is unique, Operational Strategies tailors an OAKS[®] knowledge audit to the specific needs of each customer. A typical audit includes any or all of the following types of activities: corporate document review, key personnel interviews, diagnostic modeling and case studies, and direct observation.

Application of the OAKS[®] knowledge auditing methodology provides a business organization with clear insight into each part of the knowledge tree through a comprehensive examination of its knowledge management needs and practices. Results are presented in a systematic, easy to understand visualization of how knowledge is created, managed, and used in support of critical business activities. Specific types of insights and recommendations include the following examples:¹

- ✓ Identify **bottlenecks** or **obstacles** with regard to information flow and utilization of expertise, as well as recommend steps for their elimination (*e.g., greater use of collaboration, breaking down trust/parochial barriers*)
- ✓ Highlight specific **value chains** and assess their contributing factors, as well as recommend steps for improving their performance and efficiency
- ✓ Identify areas lacking the **requisite skill** or **expertise**, as well as recommend steps for hiring and training interventions
- ✓ Identify **mismatches** between the company's **information needs** and its **existing information technology** (*including both information voids and overload*), as well as recommend changes to the company's information architecture
- ✓ Reveal **inflexible or incompatible modes of sensemaking** relative to the nature and demands of specific operational problems, as well as recommend strategies for achieving greater agility (*e.g., use of subject matter experts versus engineering models, sensitivity to modes of failure, allocation of decision rights, need for contingency plans*)



In addition, the OAKS[®] methodology can show how each of the company's critical knowledge creation activities are linked to its business goals, its strategy for creating value, its ability to maintain growth and competitiveness, and its ability to transform through innovation. This knowledge can provide the company's financial department with a more informed basis for estimating the relative return on investment (ROI) in capital resources, new management systems, training programs, and other organizational interventions.

Is it time for your business organization to consider a knowledge audit?

¹ Insights and recommendations will vary according to the size, complexity, and nature of each business organization.

