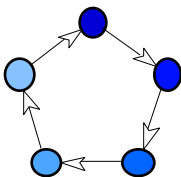


Assessment of the State of Intellectual Capital in XY Corp

Working Paper KRI #1999-3

by

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Assessment of the State of Intellectual Capital in XY Corp

EXECUTIVE SUMMARY

The operational and strategic values of XY Corp's intellectual capital and of its completed, ongoing, and planned knowledge management practice activities, place XY Corp in a good competitive position. In its present form, XY Corp's knowledge assets and knowledge management practice provide significant – and in our opinion, essential – capabilities that are vital to the enterprise's continued viability and success.

To enjoy a high degree of success and to remain viable, XY Corp needs to operate and market its products and services aggressively. In the present environment that requires considerable expertise in all areas. As the market changes over the next years, operational excellence based on broadly available expertise becomes perhaps more important.

The integrated knowledge management policy and associated knowledge management practice are of particular value in that they systematically focus on knowledge management activities to support XY Corp's present objectives while also building the longer term capabilities needed for sustained viability and competitiveness. This focus has led to development of an unusual ability to implement change, a comprehensive learning project supported by development of educational preferences, and recently, to a competent knowledge management team.

Recent and on-going knowledge management activities include the development of knowledge maps (K-Maps) for the key processes, intranet-based yellow pages to locate individual capabilities, an advanced lessons-learned system to maximize reuse of knowledge, promotion of teamwork, a system to build key corporate skills, and a project to assist employees adapt to life and professional changes.

XY Corp's intellectual capital – its technology, employee expertise, systems and procedures, various knowledge bases, organizational structure, and knowledge management practices – are competitive and appropriate for the short-term. Its operational knowledge is very good as determined by knowledge mappings performed by its operational staff. More importantly, the knowledge map (K-Map) development effort identified in some detail knowledge areas that must be strengthened to continue to be a market leader. Its marketing and sales expertise appears to be outstanding and is partially based on the personal networks and contacts of its staff.

For success in the longer term, continued updating of expertise and other intellectual capital-related capabilities will be required. That work has been underway for several years and several tasks are completed, others are ongoing, and some are planned. The knowledge management activities are quite sophisticated – yet very practical – with stated expectations for specific benefits.

It will be in XY Corp's long-term interest to continue its present knowledge management policy and program as a priority.

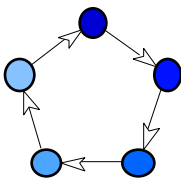
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CONTENTS

	Page
Executive Summary	i
Overall Observations	1
XY Corp's Knowledge Management Policy and Practice	1
XY Corp's Ability to Implement Change	2
Knowledge Management Team	3
The Learning Project	3
Educational Preferences	4
The Knowledge Management Implementation Process	4
Recent Knowledge Management Activities	5
Creating Knowledge Maps (K-Maps) for the Processes	5
Yellow Pages and Individual Home Pages	7
Lessons-Learned Systems	7
Teamwork Model	8
Corporate Skills	8
The Future Life Project	9
Maintaining the Knowledge Management Momentum	9
XY Corp's Intellectual Capital	10
Metaknowledge	10
Operational Knowledge	10
Marketing Knowledge	10
Navigational or Network Knowledge	11
The Future of XY Corp's Intellectual Capital	11
Concluding Comments	11



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Assessment of the State of Intellectual Capital in XY Corp

OVERALL OBSERVATIONS

In its present form, XY Corp's intellectual capital and knowledge management practice provide significant – and in our opinion, essential – capabilities that are vital to the enterprise's continued viability and success.

Started several years ago as the Learning Project, XY Corp's knowledge management practice is under continuous development and has already provided valuable contributions to both operations and management. The practice is based on a practical and comprehensive business-oriented philosophy that is closely aligned with the general operating philosophy of XY Corp. Underlying objectives is to simultaneously generate valuable operating results and permanent capabilities that strengthen XY Corp's long-term viability.

The role of knowledge management within any enterprise is to effectively provide capabilities, activities, and an environment that support building, accessing, and using competitive knowledge-expertise-understanding to ascertain sustained success and viability. This is a very broad charter and the scope of most knowledge management practices is narrowed to be practically attainable. Within XY Corp this has also been the case and the scope of its KM practice has been tailored but is still broad enough to include both operations- and people-centric aspects on one hand and technology-based capabilities on the other.

From this observer's perspective, XY Corp, over the last few years has demonstrated an ability to build and leverage its intellectual capital – particularly its operating, marketing, and management knowledge and expertise to first become, and then remain a highly effective enterprise. As part of this thrust is its ability to adopt new work practices and management practices to continually improve its performance.

In conventional terms, intellectual capital is part of the enterprise's intangible assets. Nevertheless, it is possible to identify many of its positive contributions to business success. It is the purpose of this report to outline some of these contributions – resulting from past activities and expectations from activities underway or planned.

XY CORP'S KNOWLEDGE MANAGEMENT POLICY AND PRACTICE

The particulars of XY Corp's Knowledge Management (KM) policy and KM practice express considerable insight and addresses the development and installation of a KM powerful practice that will ensure long-term success and viability. It is based on an advanced vision based on a modern and proactive business philosophy and a people-centered model of the firm. The KM program is clearly focus on pursuit of success and long-term viability.

XY Corp's mission statement (from the document "XY Corp – Una organización orientada al aprendizaje") indicates a clear business goal. It focuses explicitly on

ethical aspects and on support of change, respect, clients, work practices, individual behaviors, and external responsibilities are interesting and valuable. These emphases point to a mature, people-centered, and broadminded philosophy that is adopted to make XY Corp succeed in the long term and that requires that its employees act effectively based on well internalized expertise.

XY Corp's explicit and systematic KM practice has been underway for several years and was started with its Learning Project. The KM practice is based on a comprehensive and systematic understanding of how knowledge – personal characteristics, skills, and professional and crafts knowledge and understanding (expertise) combine to make XY Corp competitive, successful, and viable. The KM vision has been developed by XY Corp's in-house staff. It is built on the realization that for XY Corp to live up to its promises, it needs to make available appropriate and sufficient knowledge throughout its operations, and couple knowledge with proper personnel attitudes and capabilities, infrastructure frameworks, and corporate systems and guidance. The vision also requires continued renewal – learning – to ascertain that knowledge remains competitive as required to provide low-cost products and attractive services to the market place.

XY Corp's KM vision is comprehensive and includes integration and coordination of KM activities with other activities within XY Corp. This is important and necessary to ascertain that the KM practice will become part of everyone's daily work life since KM cannot be an isolated effort. To have the desired influence on XY Corp's success, KM must be practiced by everyone in all aspects of knowledge work – “KM must be lived.”

A central KM vision concept is that mastery must be maintained in four core competences – Marketing Productivity, Internal Productivity, Dynamism, and Value Management. For each of the competence area, considerable analysis has been conducted to identify 11 particular skills or knowledge areas and for each area, the tools or methodological approaches required to perform work in that area along with the operational results that should be expected from competent use of the tools.

To ascertain that the knowledge management practice contribute maximally to XY Corp's business, selection of KM projects receives careful attention. In particular, the purpose and expectations for contribution to XY Corp's business objectives are made explicit and serve as the criteria to determine priorities and schedules.

XY Corp's identification of KM concepts and components include definitions of the concepts of knowledge, competences, learning organization, and knowledge management. These correspond to commonly accepted definitions by organizations that practice KM and are sufficient for XY Corp's KM work and practice.

XY Corp's Ability to Implement Change

Over the last years, XY Corp has proven that it has an important capability to implement change in its operating and management practices. This capability is a significant aspect of its knowledge management effort – which by its very nature fosters continual change through learning and innovation. Important as change is, the

change process has been able to balance the line between introducing change and providing a stable and productive work environment.

The ability to focus on having a dynamic, yet stable organization is particularly significant in the changing environment that XY Corp now enters with different owners and perhaps different management principles and operating philosophy. At the same time, the market place is changing as indicated above. These changes will require internal readjustments within XY Corp to be able to continue its effective and competitive operations.

Knowledge Management Team

XY Corp has built a competent team of in-house knowledge management specialists. The Change Process manager and Human Resource manager have acted as team leaders and have guided the development of these individuals to attain proficiency in knowledge profiling, knowledge analysis, knowledge-based system implementation, and other related capabilities.

The objective has been to make XY Corp self-sufficient to the largest extent possible. Self-sufficiency in knowledge management has several advantages. It is less expensive than using outside consultants in the long term – although early use of expert consultants lead to quicker implementation and earlier and greater economic returns. It leads to better ability to distribute desired practices throughout the organization, pursue customized approaches and solutions, provide continued support when needed, and control both the process and the competitive content of knowledge and other intellectual capital entities.

However, self-sufficiency by building an in-house KM consulting group is not without dangers. Difficult tasks may be tackled by teams with insufficient expertise thus leading to problems and disappointments. In-house teams may be diverted to perform other tasks and the KM efforts may suffer and be unsuccessful. The in-house team members may not be suited to provide the quite different and independent tasks and the extensive self-learning required for delivering acceptable consulting work. It is remarkable that in spite of these common difficulties, XY Corp has been able to create a KM team that has overcome these and other difficulties and as a result, works quite effectively.

The Learning Project

For several years, XY Corp has operated a Learning Project as part of its knowledge management practice. The objective of this project is to build its competitive advantage by developing corporate competencies through supporting education and other opportunities for learning for employees. Significant results have been obtained by allowing many employees to transition from support personnel to become professional staff. Considerable day-to-day operational value has been achieved by being able to promote employees already intimately familiar with XY Corp's business, practices, and culture.

Educational Preferences

An important aspect of XY Corp's knowledge management practice are the creation of guidelines for educational preferences based on the needs to maintain and develop a competent workforce. The educational preferences allow managers and human resource personnel to provide priorities and point employees towards directions where additional expertise is needed. At this time, the educational preferences focus on an "as is" basis based on present needs. Later, they will also include assessments of future knowledge gaps and development needs.

The educational preferences are developed using the specific insights of managers and professionals, K-Maps, and other surveys such as the corporate abilities. The educational preferences are based on identification of the magnitude and importance of documented and perceived knowledge gaps, thereby providing the background to set educational priorities – or to isolate areas where hiring competent personnel or other outside expertise will be required.

The educational preferences are tabulated for the considered educational strategies (ranging from active to passive participation), with other specifics such as availability, location, number of individuals involved, their names, and estimated costs.

The Knowledge Management Implementation Process

A major aspect of the KM practice implementation process is the intent to maintain XY Corp self-sufficiency and professional independence. The initial Learning Project and KM vision were developed fully within XY Corp. Later, consultants were retained to complement internal expertise, but will not generally be needed.

XY Corp's KM practice implementation process and schedule are divided into five KM Development Program Stages. The process represents considerable insight into what will be possible to pursue and which sequence to be followed to be able to achieve results relatively quickly with an ambitious schedule. In a few instances, activities may take longer than planned such as selecting and implementing KM tools which may not be possible to complete in the scheduled period of one year. It may require several years and become a continued activity as new KM tools and approaches become available.

XY Corp's Work Program for KM has three types of activities: 1. Attitudes (be), 2. Technological platform (move), 3. Knowledge Administration as a resource (do). These are very important and are covered appropriately in XY Corp's KM plans and activities.

XY Corp has identified several KM-related tasks to initiate the practice. They include: Integrated Work Teams; Intellectual and Learning Networking; Yellow Pages; and Collaboration. In addition, work has started to develop a "K-Map" (definition of knowledge domains and categories at different levels of the organization). All of these activities are highly appropriate and should lead to competitive advantages for XY Corp. They are also proper building blocks to support the evolution of XY Corp's KM practice. However, there may be a need for separate and deliberate emphasis on

creating opportunities for applying knowledge – through reorganization of work, incentives for individuals to collaborate and seek help, for creation of new knowledge pathways (knowledge flows), etc.

XY Corp's management has outlined realistic expectations for benefits and business results from their KM practice. It is understood that systematic and explicit management of knowledge is an important cornerstone of the competitive organization that intends to be successful.

In spite of the well-thought-out foundation and plan for the program – and the advantages that have been obtained from work already completed – considerable detailed implementation work remains, perhaps more than is realized and that could require several years. XY Corp's management has recognized that and has adjusted the expected time-scale accordingly with "Strategic Deployment" moved to 2002 (from 1999). The KM work will require good professional judgment to shape XY Corp's KM practice to fit with, and properly influence XY Corp's desired culture and work and management practices. It is this stage that now has started.

RECENT KNOWLEDGE MANAGEMENT ACTIVITIES

Over the last years, XY Corp has developed and conducted active and systematic knowledge management activities – to build its knowledge management practice for the long term and to develop intellectual capital with operational value in the short term. Although limited in number and quite manageable, these activities cover a broad range and have delivered valuable results as well as having important potentials for further improvements in operational capabilities and for support of XY Corp's continued competitiveness.

An significant aspect of the identified knowledge management activities is that they are integral parts of the overall knowledge management vision. They also are selected to address present management priorities and directions while at the same time exploit opportunities made possible by technological developments and the experiences of others.

Creating Knowledge Maps (K-Maps) and Service Paradigms for the Processes

Over the last eight months, XY Corp's middle managers and supervisors – assisted by knowledge management specialists – have developed knowledge maps (K-Maps) for the six processes (Management, Growth Processes, Financial Development, Marketing, Production, Technology). Prior to working on the K-Maps, the teams determined the service paradigms for the processes. The service paradigms focused on four areas:

1. Produce and Deliver Products and Services Reliably and Competently (Fulfill expectations for delivery of the basic work products of the unit).

2. Secure and Improve Customer Relationships and Internal Contexts (Fulfill expectations for maintaining or improving contexts–within the work environment,

between different departments and enterprise entities, between the enterprise and its customers, and between the enterprise and other stakeholders).

3. Preserve and Conserve Enterprise Resources (Fulfill expectations for enterprise conserving resources).

4. Renew Enterprise Capabilities (Fulfill expectations for aiding in the renewal of the enterprise).

The processes were divided into 25 knowledge domains that again were divided into 140 knowledge categories. For each knowledge category, the ideally desired expertise and the available expertise were subjectively assessed as being nonexistent, basic, sufficient, competitive, or superior.

The K-Maps were developed in team settings through extensive discussions by the process manager with direct participation of the process core staff. The discussion topics were associated with which areas of knowledge are involved and which level of expertise is required to deliver quality work. Whereas the resulting K-Maps are of considerable value and importance in obtaining an overview of the status of knowledge within XY Corp, the major value of this work lies in the personal participation by the team members in the process. They have – often for the first time – had the opportunity to focus on the issues of expertise needed and how to obtain it to provide a successful and competitive operation. They have explored what their peers consider important and have obtained agreements on many priorities and specific needs that should be addressed to sustain the success and viability of XY Corp.

The K-Maps obtained in this effort is a first pass. They are working documents to be revised at periodic intervals as part of the knowledge management practice. As experience with the K-Maps increases, they, and the discussions to update them, will be refined further and increase in value. The initial K-Maps developed for XY Corp has 140 knowledge categories. It can be expected that these during the next cycle may increase to a total of 200, or even 300, for the whole organization.

Experience shows that the insights that are gained on the working level through this process – and the value of the resulting K-Maps to document and explain to subordinates and superiors – lead to quick and effective decision making and budgeting and in the end, to a well balanced and competitive organization.

Within individual departments, the K-Maps are detailed further to identify the required and available expertise for individual sections by defining the more detailed knowledge components for each knowledge category. It is not unusual to find that over 2000 knowledge components are required to define the body of knowledge needed for the whole organization. Figure 1 shows an example of a knowledge map.

It may at first appear that the development of K-Maps is costly. In fact, it has been found that the process of defining or updating the knowledge domains and the corresponding knowledge categories requires five to eight people less than one day. This investment of important management time and attention is more than recouped through more timely and better directions for knowledge development and renewal which in most organizations often have been haphazard and unfocused to the detriment of the organization's competitiveness.

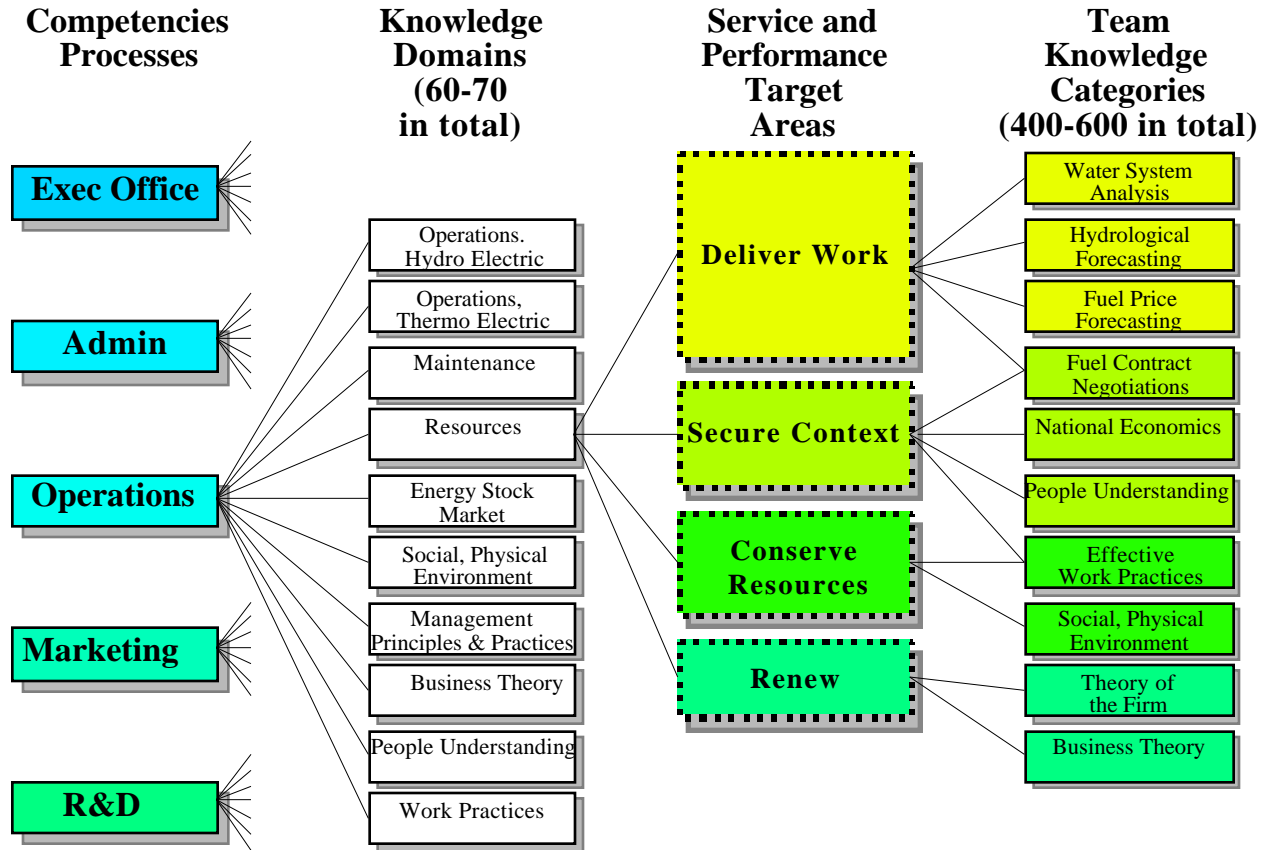


Figure 1. Section Example of a Knowledge Map.

Yellow Pages and Individual Home Pages

At the present, a “Yellow Page” system is under development within XY Corp. This yellow page system will provide broad information on employees expertise areas complemented with other information and will be implemented in the XY Corp intranet environment. Information from the yellow page system will be accessed with conventional search engines to make possible such searches as finding individuals with particular backgrounds not available from other data bases.

The yellow page system will consist of personal “home pages” for each employee. Home pages will contain structured information and are maintained by the employee her/himself with appropriate quality controls. The yellow page infrastructure has been completed and the homepages part of the system – with all employee home pages implemented – are expected to be completed by the end of June, 1999.

Lessons-Learned System

Over the last 15 years, XY Corp has assembled a library of 112 important fault analysis cases. They will form the basis for developing a lessons learned prototype system. The cases are documented in “XY Corp format” and are not easy to access by

employees when situations arise. With the emergence of powerful support technology such as case-based reasoning (CBR), it is now possible create automated systems to encode and retrieve relevant knowledge quickly and precisely. This technology is now in the process of being included as part of the prototype lessons learned system to be of full value in operating situations. The lessons learned system now under active development includes capture and encoding of new knowledge about noteworthy situations – problems and opportunities – in a structured format for reuse when similar situations arise in the future.

Teamwork Model

It is generally accepted that collaboration among workers is essential for effective and competitive corporate performance. As a result, a model to promote teamwork – in the form of collaboration – is part of XY Corp’s operations philosophy. This model is based on the integration of knowledge and skills around the work pointing to two objectives: productive results and collective learning.

As for any behavioral change, the process to change the culture to make collaboration a natural work model, this effort takes time to implement. At the present – after three years – about 69% of the employees have adopted the practice. Experts expect that in any population, a maximum of 80% adoption of the collaboration practice is achievable.

Corporate Skills

An effort is largely completed to chart the collected abilities of XY Corp’s personnel. The effort provides an overview of the corporate profile of action-abilities, learning abilities, interactive behaviors, and management resources that its employees represent.

Each XY Corp’s employee assesses her/himself for 29 “natural behaviors” (personal characteristics) separated into four classes: 1. Administrative behavior; 2. Interactive behavior; 3. Strategic behavior; and Personal behavior. At mid-April 250 of the 450 employees had completed these profiles. For each of the 29 behaviors, an assessment is provided to indicate if the employee is doing well and only needs to maintain the characteristic, or perhaps needs to improve it if the characteristic is below ideal, or needs to develop it if insufficient.

Separately, XY Corp has developed a two year program to maintain and improve primary skills required to compete competently. The program considers eleven key skills that support the four core competences of Marketing Productivity, Internal Productivity, Dynamism, and Value Management. The skills are:

Within Marketing Productivity:

- Skill to understand market needs
- Skill to conceptualize and conduct business with long-term contracts
- Skill to identify anomalies and do profitable business in the spot market
- Skill to connect price with customer time-of-day requirements and energy availability

Within Internal Productivity:

- Skill to operationalize Kaizen principles for effective operation of power plants
- Skill to measure activity costing and manage factors that affect costs
- Skill to create and develop new energy generating capabilities

Within Dynamism:

- Skill to adapt organizations to deal with challenges and do business differently
- Skill to relate and integrate information management and systems with effective ways of conducting work
- Skill to create and facilitate knowledge flows through the organization – to conduct knowledge management

Within Value Management:

- Skill to assess and pursue the business value of actions – in decisions, projects, and business relations

For each skill, tools to build it and expectations for results are outlined in some detail and coordinated with the Learning Project and other KM activities. The development program follows a set methodology that starts with identifying the concept, followed by acquisition or creation and implementation of the capability (“tool”) to develop the skill. These preliminary steps are followed by integration and deployment of the skills into the daily work environment of XY Corp and by continued follow-up to maintain the sustained competitive advantage that the skills provide.

The Future Life Project

It is expected that a number of XY Corp employees will take advantage of early retirement opportunities within this year. A project has been underway for some time to provide employees with understanding of the life choices that may be available to them if they take advantage of XY Corp’s opportunity. Different models are considered such as “Continued Corporate Life,” “Consulting,” “Independent Business,” and “Retirement.” The objective is that employees are encouraged to explore different paradigms beyond continued work within the sheltered XY Corp environment.

Maintaining the Knowledge Management Momentum

Efforts to maintain the momentum of the knowledge management practice is pursued deliberately. This includes promoting continued willingness of employees throughout XY Corp to actively participate in team work, in considering expertise and knowledge-related aspects when staffing tasks, willingness to seek out the best knowledge when undertaking difficult work, willingness to assist others and share knowledge in-depth, and many other practices. To ensure momentum employees are encouraged to participate in workshops, discussion groups, and to design their home pages as indicated above.

XY CORP'S INTELLECTUAL CAPITAL

Metaknowledge

An important aspect of XY Corp's knowledge management practice is creation of an overview of what people within XY Corp know – or do not know – and the building of an inventory of the state of the art of its operating technology throughout its organization. This body of insights provides the “metaknowledge” for XY Corp and is the roadmap for effective preparation of the organization. However, it has not been customary for organizations to develop such roadmaps and that omission has often led to the disorganized and wasteful approaches many enterprises exhibit in preparing their employees and the organization to deliver quality work.

The knowledge management activities has provided an overview of XY Corp's major knowledge assets. The preliminary knowledge maps (K-Maps) portray ideally desired and available expertise for over 140 individual knowledge categories. The K-Maps indicate that ideally desired operating and management expertise is available to XY Corp in about 1/3 of the categories, some improvement is required in about 1/3 of the categories, and more extensive improvement is required in the last 1/3 of the categories. Given knowledge situations in other organizations, this in our judgment, is a very good situation. Hence, the overview indicates that the competitiveness of XY Corp's knowledge in major areas is very good.

Operational Knowledge

The K-Maps and other surveys provide a beginning indication of the value of XY Corp's operational knowledge. A more telling indication of its value is provided by the organization's operating results in terms of ability to deliver quality work and services, efficiencies and costs of delivered products, accident rates, and other indicators. The conclusion must be that XY Corp's operational knowledge at this time is good.

A concern regarding the state of operational knowledge is associated with the realization that XY Corp will reduce its personnel by a significant percentage. If not addressed appropriately, this may lead to unwanted and potentially costly knowledge bottlenecks and shortages that, as experienced by other organizations, could result in operating losses and reduced competitiveness. These effects may not be experienced at once, but may begin to be realized after one or two years or when unexpected operating problems occur.

Marketing Knowledge

Selected operational experiences indicate that XY Corp has superior knowledge in competitive areas. In particular, in spite of the stagnation in consumption, XY Corp's marketing and sales staffs have been able to build long-term contracts with large customers. They have also been able to operate effectively in the spot market and have developed the contacts and networks to buy at low prices and sell it at higher prices with profitable margins.

Navigational or Network Knowledge

An important body of knowledge within any operating organization is “navigational knowledge.” It has normally been considered that the important knowledge within the organization is professional and crafts knowledge – the knowledge that is directly related to act or make decisions to deliver assigned work. Instead, it has been found that greater significance is associated with navigational or networking knowledge. This knowledge includes such aspects as the unstructured knowledge of how work is conducted, whom to consult in difficult situations, the role of one’s work products in the organization’s overall business, and of customers, their characteristics and needs.

Navigational knowledge is very personal and is often based on person-person relationships. A problem that follows, is that it often takes two or more years for people to develop a fully operational navigational body of knowledge. Hence, when new personnel is hired, or even when large changes are made to work flows and organizational structures, those affected may be partially ineffective in their work for a considerable time.

THE FUTURE OF XY CORP’S INTELLECTUAL CAPITAL

XY Corp’s knowledge management activities presently underway and planned will serve to grow and strengthen the firm’s intellectual capital. If the workforce is reduced as now planned, additional programs and efforts will clearly be required to rebuild the expertise that invariably is lost in any voluntary personnel reduction program. Particular actions can be pursued to retain as much expertise as possible. They include identification of individuals with critical knowledge that should be induced to remain within the organization; targeted approaches to elicit important craft/professional and navigational expertise from departing personnel and to document or encode it; and various knowledge transfer programs ranging from brief exit interviews about how a departing employee performs his or her work to “shadowing” a departing person for weeks or months to transfer deep expertise and understandings to deal with unusual and difficult situations.

Knowledge mapping (creation of K-Maps) has already provided insight into present strengths and weaknesses of the state of knowledge. As it becomes apparent which employees will leave XY Corp, this insight will become important to avoid knowledge vulnerabilities and rebuild knowledge strengths to remain competitive. Additional and more detailed knowledge mapping may be needed to gain the additional insight required.

CONCLUDING COMMENTS

It is our understanding that XY Corp’s business environment is difficult. Demand is stagnant within XY Corp’s market area. Competition by other organizations is increasing. The economic situation in Country is depressed. These conditions are expected to persist over the next few years and require that XY Corp maintain a high level of short-term effectivity to prosper. Perhaps more importantly, the longer-term

future competitive conditions are expected to be more difficult than in the past. Consequently, it will be important for XY Corp to maintain its ability to innovate and to update its operating and management expertise – to learn – to maintain its competitive lead.

In spite of present market conditions, XY Corp's marketing and sales staffs have been able to negotiate new long-term contracts by creating innovative services of significant value to its larger customers. They have also been able to work effectively in the spot market by finding low cost products that has been resold at profitable margins. A major aspect of this expertise is the extensive network of contacts that the present sales and marketing people have developed over time. This body of knowledge and the associated personal relationships comprise a highly valuable intellectual capital that is very personal in nature and may be irreplaceable were the employees to leave.

From our perspective, the value of XY Corp's knowledge assets, and of its completed, ongoing, and planned knowledge management practice activities, place XY Corp in a good competitive position. When assessing the state of knowledge and knowledge-related activities within XY Corp, several aspects become clear:

In view of the competitive situation that XY Corp faces and the self-assessments that its manager and professionals have provided, XY Corp will need to continually improve its personnel's expertise – both to maintain direct operational effectiveness and to achieve longer-term growth. It will require active and systematic knowledge management to achieve this with the best and quickest results and at the lowest cost possible. The ongoing knowledge management capabilities and practice and the associated activities are well suited to provide the services required.

Overall, our assessment is that XY Corp's knowledge is above average but should continue to be improved. Constant improvement is required in many areas where middle management now indicates that it should be strengthened to be fully competitive. It is a considerable strength that the various surveys and analysis point directly to those areas that need attention so that XY Corp overall can remain a leader.

