Knowledge Management Forum

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Knowledge in Action - Issue 21

Organisational decision making

It has never been more important to make well-informed, effective, efficient decisions. However in many organisations the reality falls far short of the ideal. So the question is how can your organisation improve decision making?

Research from Henley's Knowledge Management Forum identified the five essential factors that must be worked on in an integrated way in order to improve the organisation's ability to make good decisions. This report identifies the practical moves organisations can make in order to improve each of these factors.

As organisations respond to a fast-moving and demanding environment, the pressure to make good, efficient and responsive decisions is greater than ever. Yet in many instances, decision making falls short of delivering what is needed. Henley's Knowledge Management Forum has identified five essential factors that must be in place for good decisions to be made: the use of expert knowledge, the use of technology, internal and external collaboration, organisational learning from decisions and developing individuals as decision makers.

The use of expert knowledge

Experts don't have all the answers, but when working with familiar situations they tend to have higher success rates, and can work more quickly, reducing costs. Technical experts working with client panels can also identify issues and trends that feed into strategic planning. However, experts must be used appropriately and in context.

Effective use of experts begins with recognising the decision-making situations which require expert input. Experts must then be made accessible to decision makers. One option is to make communities of practice responsible for establishing and maintaining expertise directories. Once the experts are involved, they can be used to explore implications and provide advice. However, there must be processes in place to ensure that experts are proactive in passing on their knowledge to others and that people within the organisation are responsible for learning from the contributions of external experts.

"We take quite a lot of trouble to ensure the right people have the right information. We have implemented processes and training and systematic learning from experience. We also have the technology to help decision making. We have an excellent search engine so it is very easy to gather information and difficult to miss things."

Duncan Ogilvy, knowledge management partner at Mills & Reeve

The use of technology

In order for technology to contribute to better decisions a number of things need to be in place. There needs to be widespread and disciplined use of appropriate information systems, decision support tools and collaborative working systems by decision makers. This includes both internal tools and external resources that provide real-time information and which are subject to good governance. Communication tools that enable contributions from all relevant parties, no matter what their location, are also essential. Those using the technology must also understand the principles of evidence-based decision making, so the tools enable them to locate the information they need in order to help make sense of a situation.

Internal and external collaboration

Collaboration helps decision makers gather intelligence and evidence, access different perspectives on the situation, and make connections with different knowledge bases. It begins with recognising situations where a range of knowledge and points of

Collaboration, insight ... practical value

This report is drawn from a research project carried out by Henley's Knowledge Management Forum, led by Jane McKenzie and Christine van Winkelen of Henley Business School and Sindy Grewal of the Audit Commission. Participants included Balfour Beatty, the British Council, the Foreign & Commonwealth Office and the Ministry of Defence.

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view are needed for good decisions to be made. Decision makers can then use communities and networks to build understanding and capability in key knowledge areas. Communities of practice and networks can be invaluable in establishing a culture of knowledge sharing and collaborative working.

Where appropriate, external parties can be used to contribute knowledge and different perspectives, with clear codes of conduct being used regarding the protection of valuable knowledge. This may mean using an externally hosted website to make it easier to collaborate with external partners by avoiding firewall problems and allowing clearer governance principles to define knowledge sharing. The final piece involves joining up internal and external collaboration activities through the use of technology and through joint involvement in networks and communities and a consultative approach to decision making being the norm.

"External collaboration is vital. We are developing alumni databases and events to get more external input into policy making. We are also making sure we are tapping into all the think tanks and that there's a coherent policy to enable us to do so. "

Carryl Allardice, head of knowledge and information management, Foreign & Commonwealth Office

Organisational learning from decisions

Many organisations use various kinds of decision reviews, such as after-action reviews, project reviews, bid reviews, technical reviews and design reviews, to consider whether sound decisions have been made, and to learn from the process. However, to be effective, that learning must be distributed beyond those involved in the decision.

The organisational capacity to learn about how well decisions are being made and then to improve involves continuously appraising the ways decisions are being made, including whether experts, technology and collaboration are being used appropriately and effectively. This includes understanding how to appraise risk in decisions and then review the decision outcome and improve the appraisal process in the future.

Success lies partly in sustaining an open culture in which debate and contributions to decisions are encouraged at appropriate points. This may mean using people management processes that support consultative and team-based decision making.

However, processes also need to be in place to enable the review of decisions and the institutionalisation of changes when lessons have been learnt following a decision review. This may include, for example, adding learning from key decisions as a standing agenda item at regular meetings. There must also be a process to manage the future review of decisions to see if they need to be revised. Finally, self-assessment methods can be used to understand the strengths and weaknesses of decision making in different parts of the organisation, creating peer learning opportunities.

"We are responsible for making sure knowledge is stored properly and easily accessible. We built an electronic portal to allow knowledge sharing internally and externally. We support others to publish their own best practice so people can learn from one another."

Maggie Farrar, strategic director of the National College for Leadership of Schools and Children's Services

Developing individuals as decision makers

The most effective way in which individuals can become better decision makers is either through personal reflection or guided reflection through coaching to raise awareness of the various biases at

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play. The organisation can support and encourage individuals to do this by supporting reflective practice at all levels, including making time and space for reflection in the design of agendas, meetings and events, encouraging people to share personal learning from reflection, such as through blogs (with constructive ground rules), and encouraging people to look outside their usual environment to find new ways of understanding issues.

Training is also vital: making training, coaching and mentoring widely available to support decision makers, training in key skills such as facilitation, negotiation, conflict resolution and leadership, and offering training to senior decision makers in techniques such as framing insightful questions, strategic influence, and managing change in complex systems.

Understanding your organisation's strengths and weaknesses

Organisations can use the five factors to identify priority areas to focus their efforts. The researchers went through this process with one organisation.

Using experts/external collaboration

This organisation uses a number of external experts and works hard on external collaboration because it is viewed as important to be comfortable about what external experts know and to be able to trust them. Internally, disciplines are grouped into teams with a well-regarded expert in each.

Internal collaboration

Junior people all have a mentor within their area of expertise and there are both informal and more structured regular conversations. The firm brings in external specialists to conduct training approximately every three months, making attendance compulsory. This ensures general awareness and understanding for everyone in key areas.

Using technology

Teams are highly distributed geographically, so videoconferencing is used to allow people to speak to each other easily, and many people are involved in five or six videoconferences a day. The IT department can set up external portals that allow teams to work together with external people. Security and compliance are considered at every stage. Overall, there is an opportunity for more sophisticated use of Web 2.0 technologies such as wikis and blogs to support collaborative working.

Organisational learning

There are six-monthly worldwide meetings, and part of the agenda is always a review of something that they did well and something that didn't go well. Openness about things that didn't go well is modelled from the top.

Developing individuals as decision makers

It is recognised that paying more attention to the reflective practice of individuals could also be valuable in stimulating new thinking and innovation in the business.

	Using experts	Using technology	Internal and external collaboration	Organisational learning from decisions	Developing individuals as decision makers
Ambient (highest)			✓		
Accepted	✓			✓	
Applied		✓			✓
Ad hoc					
Aware (lowest)					

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Henley Knowledge Management Forum

The Henley Knowledge Management Forum, founded in 2000, is an internationally recognised centre of excellence in knowledge management. As a membership-based community, it is a magnet for leading business practitioners, world-class academics and thought leaders who collaborate to develop insights, understanding and practical guidance on knowledge management.

To discuss the benefits of membership for your organisation, contact Professor Jane McKenzie +44 (0)1491 571454 or Dr Christine van Winkelen +44 (0)1628 486849.

For more information visit **www.henley.reading.ac.uk/kmforum** or email kmadmin@henley.reading.ac.uk for an information pack.

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