

Measuring the Unmeasurable: Continuity Planning and the Need to Value Knowledge (Part 3)

Knowledge and Catastrophic Change

Knowledge is a key organizational resource that can be more valuable and more powerful than other natural and capital assets within an organization. Unlike the “classical” assets with which people are familiar, knowledge (i.e. intellectual capital) is intangible. When knowledge is lost or inaccessible, what is the value that can or should be placed on the inability to leverage this asset?

It is necessary to understand what is critical and relevant workforce and leadership [knowledge](#) within an organization. Examples include accumulated workforce training and experience, business and operational decisions that are made and why, analysis of outcomes and lessons learned, and other tacit knowledge such as the undocumented communication channels.

What happens when a catastrophic change event occurs and this knowledge is lost or inaccessible? Has the knowledge (IC) been valued? Based on value and criticality, (Is there) what is the risk mitigation or continuity plan to address the outcomes of unforeseen events and their impact on an organization’s ability to continue to leverage organizational assets to achieve the organization mission? These are important questions that need answers in any organization, public or private sector.

Continuity Planning Not Also Focused on IC is Not Planning

Many organizations primarily focus business continuity planning (BCP) efforts (continuity of operations – COOP) on their physical (assets) capital and not on their human (assets) capital. The tragedy of 911 and the loss of the World Trade Center (WTC) demonstrated the impact of focusing BCP mostly on physical assets.

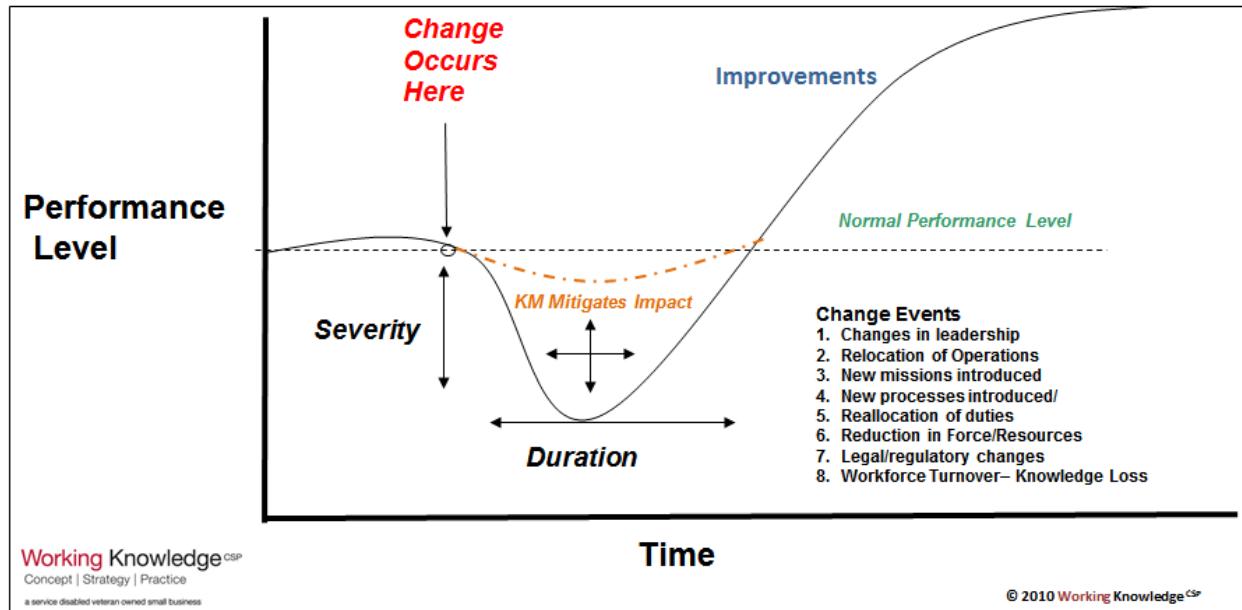
Many companies had backed up their data, documented their procedures, and established continuity plans for their physical facilities, IT, telecommunications, and emergency operations. Their focus was on contingency planning involving capital equipment, property, cash flow, restoration of physical assets and resumption of normal business processes. Compensation for loss was geared to specific identifiable losses over specific periods of time.

Few of the organizations in the WTC were prepared for the loss of human capital and the subsequent loss of tacit knowledge (IC) possessed by these valued employees and key personnel. This included such IC areas as their talent, expertise, experience, creativity, and business judgement. It was this lost knowledge that had the greatest immediate and in many cases, longer term impacts, on these organizations. [How could this tacit knowledge \(IC\) have been valued?](#) Did any organization value this knowledge to determine the priorities for the mitigation of these impacts and recovery of operations?

Change Drives Knowledge Needs

The change event and its impact on the people and the organization determines the kind of knowledge needed to mitigate the impact of the change and the critical change event on the normal operating

performance of the organization. From my experience, I know that organizations that can effectively leverage their knowledge across the organization will shorten not only the severity of the impact, but also the duration of the impact. The figure below depicts change and its impact on the knowledge within an organization.



Valuing Knowledge in Business Continuity Planning

There is an essential business case to be made in focusing not only on the physical assets of the organization, but also on the intellectual assets of the organization. A consistent and disciplined approach to valuing organizational knowledge provides the framework for determining not only what is “critical and relevant” knowledge, but also the priorities to be followed for protecting that knowledge.

BCP that includes the [critical valuation of organizational knowledge](#) can provide organizations with the tools, strategy and roadmap they need to mitigate and then to recover from the catastrophic loss of their intellectual resources. Further, it provides the context and business case necessary to resource and develop a KM Strategy and KM Implementing Framework that focuses on improving the “use and flow of knowledge” across the organization. A critical part of this strategy is mitigating the impact of knowledge loss due to workforce change which in turn must be a central component of Business Continuity Planning.

It starts with gaining insight to and creating value from your knowledge.

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