



Leveraging Intellectual Capital And Intellectual Assets: Using Policies and Procedures As Mechanisms to Create Value

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ABSTRACT

This article proposes that Intellectual Capital (CI) is to be considered equivalent to any other asset contributing to the goals and obligations of the organization. To augment CI, Soo Hoo and Beam (2012) developed a writing format for procedures, the workhorse of intellectual assets. This format is designed to meet the information-seeking needs of the employees.

KEYWORDS: Intellectual Capital, Intellectual Assets, Policies and Procedures, Knowledge, Transfer, Value.

INTRODUCTION

The collective knowledge of the individuals in an organization is referred to as Intellectual Capital (IC). IC is to be considered equivalent to any other asset contributing to the goals and obligations of the organization. Depending on the appreciation and understanding from management, IC can be either an institution's greatest strength or greatest weakness (possibly leading to the organization's demise).

To fully comprehend CI, an understanding of the constructivist perspective of Knowledge is crucial. The constructivist perspective conceives Knowledge as three domains (similar to the conceptualizations of Newell, 1972). These domains are, (a) declarative knowledge (I know that), (b) procedural knowledge (I know how) and (c) situation-episodic knowledge (I know when).

Knowledge (Declarative Knowledge).

Policies make declarative knowledge explicit as rules within an organization. Organizational rules often take a rather "biblical" form and are often expressed as "thou shalt". In a broader context policies also describe the values, positions and goals of an organization. As declarative knowledge, these rules provide specific boundaries to the workforce leaving little room for interpretation. However, these policies must also be aligned with the value propositions of the organization in achieving its goals and obligations. To that end, we agree with Page (2009), policy statements must be concise, reader-specific and directive. Additionally, policies, as the rules of the organizational

road, must also be free of banal, fatuous provincialisms such as “It is the policy of....”, supportive information more suited to being relegated to definitions or rhetoric more appropriately found in an “op-ed” piece from a newspaper. Clean and crisply written policies are ready for consumption, (i.e., the policies can be quickly read and compliance is achievable because expectations are comprehensible).

Skills (Procedural Knowledge)

Procedural knowledge is explicated as procedures and manifested by skill execution. Procedures are step-by-step instructions that guide skill conclusions. In our estimation the list of procedures within an organization outnumber the number of policies. Procedures must be robust enough to guide defect-free performance. To that end we recommend, if at all possible, either a “road test” during development or flow-charting the process to conduct formative evaluations. Procedures are not contingent on rules (policies) and in no uncertain terms should one go to the trouble of dreaming up a policy to go with a procedure. The sequential process described in a procedure is aimed at reliably producing a deficit free outcome that is meets or exceeds the expectations of the organization. The choice of enumerating steps using letters or numbers is of little consequence. However, the enumerating format (letters or numbers) should be consistent within a single document. For example, listing the major steps in a procedure as A, B, C, etc. or 1, 2, 3, etc is acceptable. Never switch back and forth resulting in the first major step as A and the second major step as 2. Such confusion does not serve those who need to use policies and procedures the most – our employees. Using the outlining function within your word processing software will make this task easier.

Experience (Situational-Episodic Knowledge)

Analogical problem solving is the basis for situational-episodic knowledge and appropriate decision making. This domain of knowledge allows one to identify novel pieces of information within the context of a situation, synthesize the information into a meaningful whole and summarily respond to the episode. Unlike declarative knowledge, where awareness and compliance with rules is ever present, situational-episodic knowledge is condition-specific and is applied within a situational context.

THE ROLE OF EVIDENCE AND BEST PRACTICES

If intellectual capital is the machine, evidence and best practices are the fuel. The integration of individual and collective knowledge with evidence and best practices is similar to the process of triangulation used to verify concepts during qualitative research. Hypotheses are developed and assessed for criterion validity to support the current state of best practices.

Value Enabled Organization.

IC in conjunction with documented evidence for best practices create a value enabled culture.

Intellectual Assets

Policies and Procedures are goal-directed, action-based repositories for intellectual assets of an organization. Within these documented rules, program designs, care/service delivery methods and processes are codified procedures; the workhorse of intellectual assets. Procedures operationalize the processes of work. English and Baker (2006) characterize processes as the means transforming inputs into outputs. Although the other assets are important, without procedures the degree of

variation would be intolerable and the ability to predict and control outcomes would be non-existent. Policies and procedures, as intellectual assets, guide the work necessary to be a value capable organization.

Value

Value as a defining characteristic of outputs can be defined in terms of precision and/or quality. Appropriate policies and procedures elevate value-enabled organizations to value capable organizations. The consistency of applying policies and procedures accurately is the foundation of creating value, i.e., achieving a deficit-free work product that meets or exceed performance.

Developing Intellectual Assets that Create Value.

Writing

As stated earlier, the procedure is the workhorse of intellectual assets. The procedure's efficacy is contingent on the clarity of the writing. The importance of felicitously written policies and procedures cannot be over emphasized. The use of grammar and appropriate vocabulary is essential. Failure to clearly describe that, which is to be known or done, creates a path to errors, sub-optimal outcomes, and possibly liability. In addition, we advocate for simple sentence structure that supports plain expository writing that for all intents and purposes has the cadence of a runaway freight train. The cadence of policies and procedures is achieved by writing in a simple sentence, short paragraph, and outline form. The value-driven ontology of this form of writing supports reliably creating outcomes. The basis for this writing approach was initially described by Soo Hoo and Beam (2012) to meet the information-seeking needs of employees.

Format

The format for policies and procedures is the physical manifestation of standard work. Waste is eliminated as the development of policies and procedures (including review and approval) are focused on establishing clear standards and directing work rather than indulging in musings over architectural embellishments, flourishes or accessorizing. Typically, policies and procedures in hospitals are cluttered with text boxes, front loaded with definitions and supportive data. In our estimation, the time has come to do away with such traditions. The policy and procedure format proposed by Soo Hoo and Beam (2012) is streamlined and organized in a logical manner with definitions and associated information located at the end of the document. The primary objective of the Soo Hoo and Beam format is to provide employees to: (a) implement policies and procedures, (b) produce simple readable documents, and (c) provide quality, deficit-free work.

Parsimony and Internal Consistency

Strategies for reducing/eliminating architectural, content, macro and micro were outlined in escaping the Paper Chase: Freedom from the dysfunction of policy history, tradition and habit (Soo Hoo & Beam 2012). We propose taking these recommendations one-step further and include mandating parsimony in presentation and confirming the internal consistency as steps in the writing, review, and approval process.

CONCLUSION

Intellectual Capital (CI) is to be considered equivalent to any other asset contributing to the goals and obligations of the organization. To enhance CI, Soo Hoo and Beam (2012) developed a writing format for procedures, the workhorse of intellectual assets.

The tenets of the Soo Hoo and Beam format were derived from the constructivist theoretical framework of the three domains of Knowledge, (a) declarative (b) procedural and (c) situation-episodic. The Soo Hoo and Beam format is designed to meet the information-seeking needs of the employees. Specifically, the format demonstrates how to: (a) produce simple readable documents (b) implement policies and procedures, and (c) provide quality outcomes, i.e., achieving a deficit-free work product that meets or exceeds performance.

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