

## **Does your company have current knowledge and facts?**

### **What is the purpose of this article?**

- 1) This article enables a discussion about the value and creation of knowledge, facts, and data.
- 2) The audience for this article includes: investors, board of directors, and C-Suite
- 3) This article applies to all companies, ranging from pre-revenue through to long established global companies.
- 4) This article does not provide tax, legal or financial advice.
- 5) You must do your own research and fact-based analysis using current and relevant information.
- 6) AI did not write this article. 100% human written.

### **How is this article structured?**

- 1) Decisions and actions are based on knowledge. Knowledge is derived from facts. Facts are derived from data.

### **What are the critical learnings in this article?**

- 1) Your company's survival and success depends on having better knowledge than your competitors and better ability to learn.
- 2) Knowledge explains why things happened. Your decisions and actions are based on knowledge.
- 3) Facts describe behaviour at a point in time and are validated. Facts are what people believe to be the truth.
- 4) In today's turbulent, fast changing, and unpredictable world knowledge, facts and data often become obsolete quickly.

### **What is knowledge?**

Knowledge explains why things happened. Your decisions and actions are based on knowledge. For example:

- 1) The facts could be that sales dropped last quarter. Knowledge is knowing why customers decided to buy from your competition rather than from your company.

### **What are the two types of knowledge?**

- 1) Explicit knowledge is what resides in documents and electronic files.
- 2) Tacit knowledge is extremely difficult to document e.g. how to calm an angry customer, how to reorganize talent to cope with an unexpected crisis. Tacit knowledge resides in peoples' brains.

### **Why is current knowledge critical to your company's survival and success?**

Your company's survival and success depend on having better and more current knowledge than your competitors in key areas.

- 1) Some of the key areas include: Why customers make buying decisions. Why your solution more is more profitable than the competition. Why star employees decide to join your company or leave your company.
- 2) You must have current knowledge. Why? For example, knowing how customers made buying decisions 10 years ago is not helpful in today's world.
- 3) Why customers make buying decisions may change within days. E.g. fashion
- 4) The average half life of professional skills and technical knowledge is below 5 years.<sup>1</sup>

### **What are facts?**

Facts describe behaviour at a point in time and are validated. Facts are what people believe to be the truth.

- 1) Facts are truthful at a specific point in time in a specific situation.
- 2) Facts describe behaviour at a point in time e.g. 80% of revenue comes from 20% of customers.
- 3) Facts by themselves are not the rationale for making decisions about actions to take.

Everyone needs to have a common understanding and agreement on what the facts are.

### **How does your company create knowledge from facts?**

- 1) Analytical techniques and software, including AI, help identify potential knowledge from facts.
- 2) The creation of knowledge in the brains of your board directors, C-Suite, and employees requires physical changes in their brains.

### **Do facts need to be validated?**

Facts without validation are not facts. Assumptions, opinions, hopes, etc. are not facts. Some types of validation may include:

- 1) Separating correlation from causation e.g. smoking and lung cancer are correlated. But it's false to conclude that lung cancer causes smoking.

- 2) Getting different data e.g. the statement that the new software is great success because there were 100,000 downloads in a month is not fact when the different data shows that 99% of people uninstalled after a week, and that after a month only 10 people were cash paying subscribers.

Facts need to be constantly validated in today fast changing, unpredictable world.

### **How does your company create facts from data?**

- 1) You must have a common definition of facts and data. Create a glossary for defining facts and data.
- 2) Create data from variety of sources.
- 3) Analytical techniques and software, including AI, help identify potential knowledge from facts.
- 4) The final step is people in your company agreeing on what are the facts.

### **Why are current facts critical to your company's success?**

Facts are constantly changing in today's turbulent and unpredictable world.

- 1) There is the risk that your company continues to believe out of date or unvalidated facts as the truth.
- 2) Your decisions and actions are then based on out-of-date or unproven knowledge.

### **What is data?**

- 1) Data is a huge pool of unprocessed – unvalidated and without business meaning.
- 2) Examples include: 1,000s of customer invoices and payments, sensor readings in a factory, raw survey responses, social media posts, logs of customer phone calls and emails, etc.

### **Why is current data critical to your company's success?**

New and changed data often appear in today's turbulent and unpredictable world.

- 1) Current and relevant facts must be based on current and relevant data.
- 2) Current relevant knowledge must be based on current and relevant facts.
- 3) Your company decisions must be based on current and relevant knowledge.

### **What are the challenges in your people learning to create new knowledge?**

It is mentally difficult and psychologically stressful to make the biological changes in your brain required for learning and creating new knowledge and new facts.

- 1) You will very naturally, and often unknowingly, utilize a broad range of cognitive and psychological bias to resist unlearning, and to resist new knowledge which is different from the past.
- 2) You will unconsciously favour decision making and planning processes from the past and which are no longer useful today.
- 3) Your information technology systems continue to support the old way of doing thing.

### **What are your next steps?**

- 1) Define the words/concepts you are using, in a glossary. I have seen major confusion when the same words mean different things to different people.
- 2) Identify the key areas where your company must have competitively differentiated knowledge.
- 3) Identify the links between your company's performance and your company's knowledge.
- 4) Assess your company's knowledge and facts.
- 5) Assess your company's planning and decision-making links to knowledge.
- 6) Identify your company's process for creating fact from data.
- 7) Assess your company's leadership capabilities to quickly learn and unlearn. Start with the Board of Directors, CEO and C-Suite.

### **Footnotes:**

<sup>1</sup> Boston Consulting Group "Reskilling for a rapidly changing world." <https://www.bcg.com/publications/2023/reskilling-workforce-for-future>

### **What further reading should you do?**

- 1) What is learning? Koor and Associates  
<https://koorandassociates.org/creating-business-value/why-have-your-minimized-your-talent/>
- 1) Are you solving the right problem? Koor and Associates  
<https://koorandassociates.org/avoiding-business-failure/are-you-solving-the-right-problem/>
- 2) Is your company planning to fail? Koor and Associates  
<https://koorandassociates.org/avoiding-business-failure/is-your-company-planning-to-fail/>