You Don't Need a Crystal Ball to Plan for the Future – Why Your Organization Needs to Implement a Knowledge Management and Retention Strategy

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The time is now to start asking difficult questions about your workforce.

1. Do we know who and how many of your seasoned employees will retire in the next year? Within three years? Within five years?
2. Do we have a way to capture the knowledge and experience of your soon-to-retire employees?
3. Do we have a plan to transfer knowledge from retiring workers to current or new workers who will be their successors?
4. Do we have a plan for recruiting new employees to either replace the retiring workers, or backfill positions current employees will vacate as they assume positions of retiring workers?

During the recent U.S. recession, a large group of retirement-eligible employees put their plans on hold. For an employer, when experienced employees stay to help manage a successful path as they anticipate retirement, it is certainly a benefit. However, impending retirements and the increasing use of technology in the workplace have most organizations wondering what their workforces will look like in the near future. The picture may not be clear, but that doesn't mean organizations can't start planning for the future.

Creating Your Roadmap for Success

Most people close to retirement are hesitant to provide an exact retirement date, but a simple calculation based on the person's age and years of service can give you an idea. More importantly, instead of looking at just one or two employees, look at the whole department or company and load all employee data into a spreadsheet. This will show you who is near the top of the list for retirement, and more importantly, what his/her role is in the organization. Knowing this information will give you a roadmap for proper training plans and hiring decisions.

It is important to know when people will be eligible to retire. Many of these key baby boomer employees are the people who know all of the in's and out's of the business; it often takes two or three new people to do their jobs – they are critical to your company's success.

So, what if you just found out that one of your key employees, who has been with your company for 30+ years, is retiring? This person has been with you through all of the company changes, good and bad. He/she knows exactly what needs to be done in almost every situation. Implementing a process to gather and catalog this person's knowledge and experience is vital for a seamless transition to his/her successor, and keeping the business operating as smoothly as possible.

With high unemployment numbers, many organizations think recruiting new talent is as easy as placing a want ad. But if your goal is to find someone who fits the job requirements and your company culture, the process will become more complicated and take longer than anticipated. Creating a training plan and using it to evaluate the skills of new hires will help ensure they have the required skills. Cataloging the skills of the internal experts before they retire will give you the key puzzle pieces to develop your training and knowledge retention plans.

Benefits and Outcomes

Sometimes starting at the end feels appropriate. Let's give it a shot by introducing a sampling of the potential benefits and outcomes organizations realize when they make a commitment to Knowledge Management. Our experience shows that implementing effective Knowledge Management and Retention strategies have a profound impact on organization performance. Three key areas of impact include:

- Cost Minimization
- Risk Reduction
- Organizational Disruption Avoidance

Benefits and outcomes of working through your company's Knowledge Management and Retention initiatives can specifically include:

- Company-wide skills balance sheets
- Organizational risk mitigation plans
- Organizational Strengths, Weaknesses, Opportunities, Threats (SWOT) Analysis
- Documented job responsibilities and tasks for key positions
- Knowledge loss risk assessments for "soon-to-retire" employees
- Identification of knowledge transfer priorities
- Customized curriculum and training program development
- Recruiting and hiring plans
- Employee retention plans
- Measurement of skill attainment and growth
- Job competency and benchmarking
- Development of career pathways
- Optimization of company-wide skills

Hopefully this list of potential benefits to your organization piques your interest to continue reading on!

So, What is Knowledge Management Anyway?

When we engage with our clients, we find that a common understanding of the term "Knowledge Management" helps to frame a project and provide appropriate context. Knowledge Management refers to how an organization processes information and the practices for sharing the know-how relevant to the core business.

Knowledge Management deals with how best to leverage knowledge internally and externally in organizations—that is, creating value out of the organization's intellectual assets. Many organizations are using Knowledge Management to increase innovation, build their institutional memory, improve their internal and external effectiveness, and help in becoming adaptive, agile organizations.[1] Peter Drucker, who coined the term "knowledge worker," described knowledge, rather than capital or labor, as the only meaningful resource in the knowledge society.

In short, Knowledge Management is about using the brain power of an organization in order to achieve the organization's goals in a systematic and organized manner. The purpose must not be to merely become more knowledgeable, but to create, understand and apply knowledge with the intention of better realizing the organization's mission, vision and processes.

Explicit vs. Tacit Knowledge

There are two key types of knowledge in the workplace – explicit and tacit.

Explicit knowledge is knowledge that has been documented as tasks and procedures. It takes the form of reports, processes and policy manuals. This knowledge is critical for an organization to achieve its mission.

Tacit knowledge is unwritten knowledge that resides in the heads of the workers. It is commonly known as "know-how." Tacit knowledge is also important and valuable to the company. Tacit knowledge is the most difficult to retain because it has not been explicitly written or articulated by the individual to others. Efforts to capture both types of knowledge provide the most benefits to an organization; the vast majority of the valuable knowledge lies under the surface, unseen and undocumented.

Effective Knowledge Management initiatives are designed to take key critical tacit knowledge that is unseen and known by only one or a few individuals and turn it into explicit knowledge to be transferred to many.

Roles of Leadership and Staff

Have you ever tried to implement a large initiative in your organization without the support of your leaders and influencers? Chances are, this initiative didn't turn into the impactful success story you rave about at conferences and dinner parties.

It is essential that senior management and staff provide leadership for the Knowledge Management project to succeed. The process to capture critical tacit and explicit knowledge requires participation at all levels of the organization. The validation and documentation of the captured wisdom will emerge from many perspectives. A valuable aspect of participation from all levels of the organization is the diversity. Each department and person related to a job or groups of responsibility provides valuable insight into how the practice affects the organization. For this reason, the project must include different levels and departments within the organization.

Diversity of perspectives on the work at hand enriches the Knowledge Management project. As the project unfolds, subcommittees should be formed to address each phase and locations of focus. Since Knowledge Management encompasses the systems for sharing information, this inherently affects different departments and people. For example, a change in practice in service delivery will affect management and accounting. This may also affect facility management. Without representatives from those departments present at the meeting, the organization will not be able to address the information sharing essential to capture what needs to happen or change to be successful.

Outlining a Successful Work Plan

In order to achieve desired outcomes for a project involving Knowledge Management and Retention, it is important to define a work plan up front. Start by comparing existing documentation of knowledge and procedures and create a match to the skills and abilities required for optimum performance within your organization. Six steps to help organize your thinking are:

1. Organizational Analysis
2. Job Task Analysis
3. Skill Assessment Survey
4. Skill Gap Analysis
5. Identify Next Steps and Implement Training Plans to Close Skill Gaps and Retain Institutional Knowledge
6. Continuous Improvement

Organizational Analysis

An organizational analysis is used to identify the current state of practice among the organization's departments as it relates to the existing, documented practices and procedures. During this step, it is important to identify the governance, support methods, technological applications and tools used to perform the work. All pertinent documentation or other data will be gathered. Often, where there are multiple departments within an agency, information silos are created and maintained. This leads to redundancy in both data storage

and data entry within the information resource system and does not promote sustained knowledge sharing and retention.

Clearly understanding the process and the needs of all the departments involved is essential. Utilization of department-wide interviews, as well as gathering current documentation, helps to paint a picture of the organization's current state. Existing procedures should be researched and reviewed in preparation for making initial assessments for the development of a survey tool.

Job Task Analysis (JTA)

The foundation for thorough understanding of a job and the knowledge and skills required to successfully perform that job requires a data driven approach. At EDSI, we develop something known as a "Skills Balance Sheet" for our clients, which is a visual representation of the Skills, Responsibilities, Tasks of an entire organization's workforce. The key element in the Skills Balance Sheet and in understanding the knowledge that is currently needed to perform a job is conducting a job task analysis and the creation of detailed job task lists. Tasks such as arranging, indexing, cataloging, storing and retaining would be examples.

- *What is a SME?*
  It has been our experience that information comes from those in the organization with the knowledge; they are called Subject Matter Experts (SMEs). The SMEs are among a firm's most knowledgeable and experienced employees and are consistently the highest performers in their jobs. It is within this group that the experience and critical knowledge useful to the agency is validated.

During the organizational analysis process, the jobs to prioritize for the job task analysis will likely become clear. The organization's management and the SMEs may also have some input as to which jobs and/or procedures should be analyzed.

At the beginning of each JTA, a mini launch meeting should be conducted with key department staff. Each of the participating departments will need to identify subject matter experts for each position being analyzed. One-on-one interviews and shadowing with the SMEs in each targeted position ensure that job requirements are identified.

The focus of the job analysis is to identify and document the job tasks that are being performed in each job. During the job analysis interview, the job analyst works with the SMEs to determine the tasks they perform and how their job tasks are organized. The result is a highly detailed job task list. With several people participating, many variations of the task lists are generated and, when combined, they effectively describe the job and the procedure.

Skill Assessment Survey

The objective of this survey is to identify and understand technical, institutional and governance items using the completed organizational and detailed task analyses. Utilizing the tasks identified in the job analysis process, the survey lists the tasks related to the desired skill level and current requirements. A respondents' rating scale will be customized to fit the style of the assessment survey. We recommend ratings that imply a scale from no knowledge, to awareness, limited ability, acceptable ability and expertise level. The wording or description can customized to fit the style of response that makes the most sense.

Traditionally, respondents rank the required ability needed to perform each task using the scale below:

0. N/A - Unaware of this type of work
1. Aware of this type of work
2. Able to perform this type of work with supervision
3. Able to perform this type of work independently
4. Able to instruct others in this type of work

This assessment survey method provides a simple and clear mechanism for comparing current employee knowledge, skills, abilities or practices that are required for optimum performance and has been proven as a reliable technique to benchmark job competencies and assess individual workers and processes. The data is also valuable in the development of individual and agency training plans. It is also an effective tool for determining regional skill needs in a specific industry, developing regional training strategies and measuring skill growth to assess return on investment.

This method minimizes the questions of reliability and validity associated with more traditional skill surveys and virtually eliminates concerns related to disparate impact. Information generated from this type of survey can be used to develop other verifying competencies, if necessary.

Skill Gap Analysis

What is usually identified as skill gap analysis will in fact provide an in-depth analysis of the survey results. Once the results of the surveys are recorded in a database that allows for analysis and comparison of the data in multiple ways, you can get to work on presenting the data in the most meaningful way. Because there are many ways this data can be presented, the exact format of the skill gap analysis reports will be determined based on input from the stakeholders and recommendations from the project team. At EDSI, we develop company-wide or department-wide "Skills Balance Sheets" to provide our clients with the right information to make the most informed decisions.

Identify Next Steps and Implement Training Plans to Close Skill Gaps and Retain Institutional Knowledge

Now that you've got the data, what do you do with it? Next steps may include one or many of the following steps:

- Training Manuals
- Updated Processes and Procedures
- Apprenticeship Program Development
- Customized Training
- Journals
- Case Studies
- Video Documentation and Video Library Creation
- Structured Mentoring and On-the-Job Training
- Training Curriculum Development
- Succession Planning

Continuous Improvement

Simply stated, without continuous improvement, even the best thought-out strategies and initiatives will fizzle. Be sure to measure your desired outcomes, implement improvements, and then repeat the process!

Establish a Community of Practice in Your Organization Today

One of the primary vehicles being used to identify, capture, and transfer knowledge is a Community of Practice (CoP). Before an organization enters a Knowledge Management project, there is a need to set up the infrastructure to lead the project. Many organizations form a CoP to conduct an organization analysis with an eye on knowledge sharing, developing strategies, designing a plan and implementing the project. A CoP is a group that shares knowledge, learns together and creates common practices. Communities

of Practice share information, insight, experience, and tools about an area of common interest.[2] Though we see a number of organizations taking proactive steps to address their Knowledge Management needs, a greater number still do not have a formal knowledge retention strategy as part of their human capital approach to address the transition to the next generation of the workforce. Establishing a CoP within your organization is a great first step to success.

Barriers to Knowledge Sharing

As you work through your Knowledge Management and Retention initiatives, don't be discouraged by barriers. Barriers to knowledge sharing can undermine the best intentions. Wanda J. Orlikowski, an Alfred P. Sloan Professor of Information Technologies and Organization Studies at MIT, emphasizes in her findings the mental modes of individuals, combined with the culture of the organization, determine the effectiveness of collaborative technology. In her article, 'Learning from Notes', Orlikowski reports in her case study on how collaborative computing, Lotus Notes, was introduced into a corporation. Orlikowski showed that the organization culture and the individual's identity and relationship to collaboration have a tremendous impact on knowledge sharing.[3]

A list of some factors that get in the way of sharing knowledge includes:

- People do not think about sharing knowledge
- People do not understand knowledge sharing
- People are reluctant to receive and digest information shared by others
- The organizational culture is top-down management
- People are too busy
- People don't realize their work depends on knowledge sharing

- There is a need for better Information Technology (IT) systems
- People hoard knowledge following the "information is power" mindset

But how do we overcome these knowledge sharing and communication barriers? We build trust within the organization so that individuals feel empowered and valued for their talents vs. threatened. We value the input of employees from varying levels within the organization, bringing working groups together with the right representation and influencers makes all the difference. We change our culture of knowledge sharing through both informal and formal behaviors, often assigning a portion of one's performance review to their continued participation in knowledge management and retention efforts.

Performance Measures

Performance measures are quantitative or qualitative ways to characterize and define performance. They provide the tool for organizations to manage the progress of what is to be measured.

The focus of the metrics in your organization should be on real results that can actually be attributed to Knowledge Management. Performance measurement is the process; it provides the mechanism of assessing the progress made toward achieving the determined goals or baseline. An example would be in measuring awareness and engagement. Other examples follow:

- Measure of Awareness - Knowledge of what to document, how to document it and how to access the data
- Measure of Behavior - Participation in Knowledge Management activities such as committees and teams and communicating the process through presentations and workshops

- Measure of Outputs - Creation of databases, white papers, lessons learned reports and best practice documentation
- Measure of Outcomes - Impact of new knowledge on key measures of organizational performance such as productivity, cost reduction or quality control

Embrace the Challenge and Reap the Rewards of Knowledge Management and Retention

Knowledge Management is a process that spreads throughout the organization. Its scope is difficult to define and its effects are hard to measure - e.g., how do you determine the ROI on a discipline designed to subtly improve most aspects of the organization? Nonetheless, if properly implemented, it is a worthwhile investment that will promote efficiency, learning, innovation and competitive advantage.

Examples of tools and techniques which can be used with Knowledge Management include making tacit knowledge explicit and making certain it is captured; creating a Community of Practice by networking common challenges or working toward similar solutions; sharing good practice and ideas; and encouraging and evaluating Knowledge Management behaviors - activities which likely will be repeated.

We've all heard the statistic – 'As the year 2011 began on Jan. 1, the oldest members of the Baby Boom generation celebrated their 65th birthday. In fact, on that day, today, and for every day for the next 19 years, 10,000 baby boomers will reach age 65'.[4] Equally alarming: 'Research suggests that direct replacement costs can reach as high as 50%-60% of an employee's annual salary, with total costs associated with turnover ranging from 90% to 200% of annual salary'.[5]

The way to reduce knowledge loss to the organization is to capture an individual's knowledge before they leave the organization. Forty percent of the workforce in the United States (US) is eligible to retire within the next five years.[6] Therefore, the importance of knowledge retention is a growing concern for organizations across industries. Many have begun to develop an approach focused on process. They also apply best practices for recruiting, hiring, and training the next generation of knowledge workers before that knowledge walks out of the door. A well thought-out and implemented program will result in a culture of learning that will benefit both the employees and the organization. Ensure the future success of your organization by taking steps to implement a Knowledge Management and Retention strategy.

References

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