CEREBYTE

Saving Retiring Knowledge Workers'
"Secret Sauce"

William Seidman, Ph.D.
Michael McCauley

Introduction

Look around your organization. Are there a large number of 50 and 60 somethings? The American workforce is aging rapidly and that scares many forward-thinking organizations!

As the baby boom generation approaches retirement, many organizations are recognizing an impending knowledge crisis. Much of the critical expertise of their most experienced workers will soon be leaving and replacing it will be difficult if not impossible! Corporations believe that their productivity and success may be seriously jeopardized by this loss of key knowledge. Consequently, many organizations have begun programs aimed at preserving the essential knowledge of retiring knowledge workers (RKW).

This article presents a method for protecting an organization against the potential loss of RKW knowledge. More specifically, it examines many of the conventional wisdoms associated with most current RKW programs, highlighting some of the critical fallacies of current thinking. It also defines a clear, easy to implement program, utilizing the principles of digital coach technology (DCT), which not only protects a company from loss, but also creates immediate value from the RKW knowledge.

Who Really Matters?

Conventional Wisdom #1: *It is important to gather the knowledge of <u>everyone</u> approaching retirement age.*

Recommended Approach: *Gather only the knowledge of your critical, high-performing knowledge workers (i.e., harvest only the "best of the best").*

Most RKW programs take a very inclusive approach to gathering RKW knowledge. They try to gather the knowledge of every person even remotely close to retirement. There seem to be several reasons for this inclusive approach including:

- There is a concern that some absolutely critical bit of information will somehow be missed and that this omission will cause a catastrophe

- There is a reluctance to designate some people's knowledge as more important than others

- Current management theories emphasize teamwork in which all personnel are included in decision-making processes

- Most of the people working in the area of capturing RKW knowledge come from a technical background and think in terms of databases and centralized servers that allow everyone to participate

An inclusive approach may be fine for general management, but an RKW system based on these same principles has serious flaws. An inclusive RKW approach does not:

- Provide for any quality assurance of the content. At many companies, some of the people approaching retirement age have mentally retired years before. Their knowledge, what remains of it anyway, is considerably out of date, and therefore of only marginal value to the organization.

- Define what "being close to retirement" means. Is it 2 years from mandatory retirement? 5 years? A few years ago, when the stock market was riding high, everyone was talking about taking early retirement. You don't hear much of that talk any more. Today, it is even more difficult to determine who is planning to retire and when. This makes it even harder to determine what knowledge is in jeopardy.

- Distinguish between critical strategic knowledge such as awareness of long-term market trends, and short-term tactical knowledge such as how to create signage to merchandise a product. Are these pieces of information really of equal value? Probably not.

- Recognize the significantly higher value of knowledge held by your best performers. When you want to know how to do something, do you ask just anybody? Again, probably not. Typically, you will look for the person or persons within the company that are the highest performers, the people that know how to get things done, and ask them. Why should it be any different when collecting knowledge in a RKW system?

When you step back, it is pretty clear that an all-inclusive approach is confusing, overly complex, and unlikely to produce any real value in the long run.

We suggest an alternative that is derived from the work of identifying and harvesting the knowledge of top performers (*Harvesting the Experts' "Secret Sauce" and Closing the Performance Gap*, Performance Improvement Magazine, January 2003). The key principle of effectively ensuring against the loss of critical knowledge is to conceptualize the problem as one of knowledge value

rather than age. To be effective, you need to harvest the knowledge of your top performing workers regardless of their age. While there may be some correlation between the quality of performance and the closeness to retirement, this relationship is not an absolute and should not be the foundation of an RKW program. Stated a little differently, why do you care about the knowledge of someone who is not a top performer, even if they are retiring soon?

From this perspective, the issue of effectively ensuring against the loss of critical RKW knowledge is really no different than harvesting the knowledge of any top performing worker. The process requires two key steps:

1. Determining the critical processes in the organization that most require protection

2. Identifying the top performers in those processes whose knowledge most needs protection, again, regardless of their closeness to retirement

Critical processes in an organization are easily determined by asking the top managers a few simple questions:

- What are the 2-3 most critical or core processes in the organization?

- What does the organization spend the majority of its time, attention and resources doing?

- What process would have the most negative impact on the organization if it were to fail?

These questions focus attention on the processes that are most critical for the success of the organization, and therefore in need of protection. It is very rare for organizations (or components within organizations) to identify more than a few critical processes. For example, field operations of a fast food chain narrowed its focus to just four core processes:

1. Managing a service area

2. Managing a restaurant

3. Providing excellent speed of service

4. Managing food costs

Similarly, the manufacturing group at a semi-conductor company found that they focused the vast majority of their time on only two key processes: 1) Defect management, and 2) Maximizing machine "uptime." The top performers in any organization know and naturally focus on the processes that are most critical to

their success. These are the processes that have the most value to your business, and they are the ones that you need to protect from RKW loss!

We recognize that in many companies, and particularly in many human resources departments, it has been socially unacceptable to publicly state that some elements of an organization are more important than others. However, from a knowledge perspective, this prioritizing is essential! Some knowledge is simply more important than other knowledge because it is both more directly relevant to the success of the organization and more difficult to replace. Rigorously prioritizing the RKW knowledge so that the "right" knowledge can be preserved drastically simplifies the RKW solution.

Naturally, once you have defined an area of focus, you want to preserve only the best RKW knowledge, which is the knowledge that most enables your business to excel in the selected area. So, after the basic questions listed above have been answered, the next question is: "Do some RKWs consistently and systematically outperform others in managing the critical process?" Of course, there is always a differential in performance. Is the knowledge of top performers and less effective performers of equal value? While some, out of a sense of fairness or equality, would like to say that it is the reality is that top performing RKW knowledge is vastly more important to the organization. In fact, for any given management process, the most critical knowledge is usually held by only a small group of top performers, sometimes as few as 6-8, and rarely more than 15, only a few of whom may soon be RKWs. Furthermore, these top performers are easy to find. All you have to do is ask the management team, "If you had a choice, who would you ask to manage the selected critical process?" They will immediately name the person(s) that they most respect for being consistently successful in this critical area. Look no further, these are the top performers!

The approach described above is so efficient that it rarely requires more than 30 minutes to identify both the core processes of an organization and the top performers of those key processes. Isn't that a revelation! In order to effectively manage the RKW problem, all that is needed is to preserve the knowledge of a few RKWs in a few key areas. Even in large organizations, this rarely requires an extensive initiative.

What Really Matters?

Conventional Wisdom #2: *Any and all knowledge matters.*

Recommended Approach: *Only the true tacit knowledge of the top performing RKWs matters.*

There has been a great deal written about protecting against RKW loss, but remarkably little discussion of the nature of the content that should be preserved. For the most part, it appears that the conventional wisdoms have followed standard knowledge management practices. These focus on obtaining data and

documents generated by the RKWs and storing it in vast electronic repositories. In most cases, RKW knowledge is obtained using simple forms on a local workstation that ask the participant to define and/or attach critical information. These approaches only gather the most superficial, explicit knowledge.

Unfortunately, on closer analysis, the content gathered this way has little real value. It usually consists of bits and pieces of information, without any of the surrounding context necessary for its effective use. It definitely does not reflect the RKWs' true understanding of the business developed from years of experience since these understandings are often unconscious. This unconscious or tacit RKW knowledge is the secret sauce that is the RKW content that really needs protection, not the explicit knowledge gathered by most RKW programs.

As described in previous articles, a top performer's secret sauce has two main elements:

- A cueing mechanism, which we call an "ecological survey," that enables the top performer to quickly discriminate between a number of alternatives when presented with a situation

- A series of behavior patterns that are consistently applied once the top performer selects the best alternative

Ecological surveys focus on extremely sensitive and subtle cues that allow an expert to quickly and efficiently assess and categorize a situation. For example, a top performing manager of a mergers and acquisitions department of a large accounting firm (who is just a few years from retirement), is able to detect the underlying rationale for an acquisition by the tone and content of a single, specific phrase uttered by the CEO or CFO of the acquiring company. He can then categorize the acquisition into what he termed a "financial" (i.e. the acquisition is being done for financial reasons only) or an "integrative" (i.e. the acquired company will be expected to fully integrate into the acquiring company) acquisition. This quick categorization enables the manager to respond to the situation in a manner consistent with the desires of the acquiring company. One of the most critical pieces of RKW knowledge is this subtle cueing and categorization process.

Once a top performer has categorized a situation, they follow very consistent behaviors that are grouped into four primary areas (Figure1):

1. Visionary mental pictures of the desired outcomes that reflect their intense passion for the work

2. Roles, responsibilities and task lists which define how to achieve the desired outcomes

3. Risk detection and cueing mechanisms

4. References to other supporting resources

These four areas comprise the real RKW knowledge of how to perform the function. The visionary models of the top performer drive a task list that is focused on specific behaviors, including the use of already screened supporting resources, and the risk management capabilities necessary to prevent the work from being disrupted. Not surprisingly, this level of sophistication is not pervasive in the general population of workers, but is observed only among the top performers. Few RKW programs gather deep tacit knowledge, though it is exactly the content companies most need to protect.

The most effective method for collecting RKW tacit knowledge is to use a specialized interview of small groups of top performers called a naïve new person interview. Naïve new person interviews are usually led by a human facilitator supported by Digital Coaching Technology (DCT) as described in Figure 1 below.
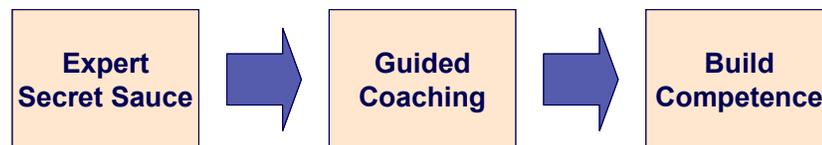
| Expert Secret Sauce | → | Guided Coaching | → | Build Competence |

Figure 1: The Structure of DCT

DCT is software that simulates the human coaching experience. When used to preserve RKW knowledge, DCT guides the facilitator to ask "naïve" questions that cause the RKWs to tell comprehensive stories about their work. These stories include the subtle cueing mechanisms, decision rules, risk detection and management, and many other capabilities that enable them to excel. Once gathered, DCT guides the RKW to polish their knowledge into a best practice, which is stored in an electronic library. When the RKW's successor, or anyone else requiring the RKW's expertise, needs to perform the function, they recall the best practice from the library and are guided through learning and using the knowledge as though the RKW is present, even though the RKW is somewhere enjoying their retirement. DCT can be used as a comprehensive RKW knowledge management system.

But can you really do this on a mass basis? Remember, you do not need to protect the organization from loss of all RKW knowledge, but only from loss of the knowledge most directly associated with the top performers' management of processes most critical to the organization. Consequently, it is extremely rare to require more than a small number of knowledge harvesting sessions. Any effective facilitator, using DCT, can conduct these sessions. Thus, a company can protect itself from RKW loss for a fraction of the cost of conventional approaches.

What Happens to the Knowledge?

Conventional Wisdom #3: *RKW knowledge is stored in a database for use after the knowledge worker retires.*

Recommended Approach: *Use the RKW knowledge to improve performance immediately.*

In conventional approaches, RKW knowledge is collected, organized, and stored for use once the knowledge worker has left the company. But, why wait? The organization can derive tremendous value from the top performers' secret sauce as soon as it's been harvested! To illustrate this point, let's look at a story about an RKW initiative at a major aerospace company.

We had just finished gathering the secret sauce from a group of top RKWs. Everyone was thrilled with the content. We asked them what, if anything, they planned to do with the content. They didn't have an answer. In fact, they hadn't even thought of the issue. To make matters worse, when they went to get funds for a more extended initiative, they were rejected because they couldn't define a return on the investment. Gathering knowledge without plans to use it typically leads to the rapid and painful demise of an RKW initiative.

Implementing RKW initiatives that concentrate on collecting content with little thought about its use is very much like buying a term life insurance policy. You pay a fee for it, let it sit passively on a shelf and hope you won't have to use it for many years. When you do need to use it, you may be in for a surprise. If you haven't periodically reviewed the policy and made adjustments to fit your changing situation, it may be outdated and of limited use. Similarly, RKW tacit knowledge goes stale quickly so simply storing it for some future emergency creates little value. In turn, because it is easy to see the expense of gathering the knowledge, but difficult to see the value generated, few RKW initiatives are ultimately funded.

We suggest an approach that is more analogous to buying a whole life insurance policy. If done correctly, you pay an initial fee for gathering the knowledge, but then put that knowledge to immediate use by using it to improve the performance of the less effective personnel. With a whole life insurance policy, the money you pay up front begins returning dividends almost immediately, and the full value is always there if you need it. We have found that a "whole life approach" to the RKW problem is the only one that gets sustained support because both the value of protection from loss and the value of immediate improvement in performance are apparent.

How do you get immediate value from your RKW knowledge? Using DCT, the RKW's knowledge can be used to enable a "coaching" experience in which a less experienced person is guided through applying the knowledge as though the

RKW were present, but without any personal contact. The guided coaching experience enables the less effective performers to:

- Adopt the vision and goals of the RKW

- Streamline the assignment of people to specific roles, responsibilities and tasks based on the RKW's experience

- Establish a milestone schedule for applying the RKW knowledge to a specific situation

- Use the RKW risk detection and management knowledge to effectively anticipate, prevent and/or respond to problems

The DCT approach to applying top performer knowledge is described in detail in *8 Minutes to Performance Improvement* (Performance Improvement, July, 2003) and *The Performance Improvement Multiplier* (Performance Improvement, October, 2003).

Typically, the less effective people take just eight minutes to align their attitudes with the positive passion of the RKW and as little as two hours to develop a plan for sustaining use of the RKW knowledge. From these immediate changes in behavior, an organization can expect the following results:

- 80% decrease in the time it takes to plan RKW activities

- 50% decrease in the time it takes to ramp-up new people on RKW functions

- 30-50% decrease in the time it takes to actually perform RKW tasks

In turn, the behavioral impacts generate significant financial returns. Using expert knowledge, one manufacturer reduced costs $2M per week in their manufacturing facilities while a fast food chain improved sales $2,000 per week per restaurant – and they have over 500 independent restaurants! Thus, RKW knowledge can generate an immediate financial return.

In addition, putting the RKW knowledge to immediate use solves the problem of RKW "succession." Unlike other approaches that tend to think in terms of the RKW knowledge being passed to a single successor (when they think about succession at all, which is rare), DCT allows everyone to use the RKW knowledge as though they are a successor to the RKW. Consequently, it isn't necessary to designate an official successor, since anyone and everyone can assume the RKW role when needed, at least from a knowledge perspective.

Reducing the Reliance on RKW Knowledge

Conventional Wisdom #4:   *Gathering RKW knowledge is a one-time only event, usually done in the days or weeks immediately before the knowledge worker retires.*

Recommended Approach: *Gather RKW knowledge immediately and encourage successors to regularly update the knowledge through continuous use and feedback.*

Although some RKW programs understand that there is a need to periodically refresh stored knowledge, most assume that the knowledge is gathered once, shortly before retirement, and is never refreshed again. The absurdity of this thinking is obvious. As noted above, RKW knowledge, even from the top performers, quickly becomes stale. Business environments change too rapidly to think of RKW knowledge as static. How then can this problem be addressed?

Once again, the answer is to think of the problem of keeping RKW knowledge fresh and vital as a knowledge problem in general, rather than as an RKW problem in particular. Top performers refresh their secret sauce by continually applying it to new situations, which forces them to learn new things. So the first step in ensuring that RKW knowledge stays meaningful is to ensure that it is used frequently. This is best done through the use of DCT guided coaching.

The second step is the critical one for refreshing the knowledge. DCT automatically and continuously solicits feedback from the people using the RKW knowledge about required changes and improvements. A team of experts then decides if this feedback really represents an improvement, and once approved, the revisions are incorporated into the RKW knowledge. DCT capabilities in this area are discussed in depth in *The Performance Improvement Multiplier* (Performance Improvement, October, 2003). Thus, the RKW knowledge becomes the foundation of self-sustaining, continuously improving best practices for the organization, even though the RKW is retired.

As such, the RKW problem is now permanently solved. Knowledge that was the specialized domain of the RKW is now continuously being generated and shared with everyone. Consequently, the system not only protects against the loss of RKW knowledge, it protects against other knowledge losses resulting from layoffs, illness, transfer, or any other form of departure as well. And it does all of this while leveraging RKW knowledge as a platform for significant performance improvement.

Summary

Losing knowledge workers to retirement does not have to traumatize an organization. Although many organizations fear this loss, the potential of massive retirements of knowledge workers can present an opportunity to improve overall productivity. By focusing on the knowledge of your top performing RKWs, instead of just gathering knowledge enmass from everyone, a platform of sustained knowledge improvement and productivity growth can be developed. Not only can the current RKW problem be addressed, it can be resolved permanently.