ORACLE®

USER PRODUCTIVITY KIT

An Oracle White Paper
May 2010

Cultivating and Formalizing
a Culture of Knowledge Capitalization

ORACLE®

Introduction

As companies retrench and reorganize in this "post-recession" environment, managing the workforce continues to be top of mind for companies. The issue weighing most heavily is how to prevent organizational "brain drain" as employees retire or move on to new jobs outside of the company.

With the aging 76 million U.S. baby boomers approaching retirement, the problem of knowledge loss is paramount. Compounding this issue is the fact that the rebounding economy has opened up job opportunities. "Loyal" employees no longer value job security and are seeking out new opportunities. And organizations are left trying to salvage productivity and competitive advantage.

When workers leave a company and take with them valuable job-related information, managers and co-workers are left scrambling to get new employees up to speed and neglecting their own responsibilities. In the case of baby boomers' retiring, years of legacy company information may be walking out the door. And in the case of younger employees' changing jobs, your competitive advantage in the form of intellectual property may be walking out of your door and through your competitor's. You're left with employees with fewer skills, lacking job-specific knowledge and in need of tools and information to succeed individually while also supporting company objectives.

Companies themselves admit to not putting enough emphasis on knowledge retention. According to the 2008 Knowledge Retention Study by the Institute for Corporate Productivity, 30 percent of companies acknowledge that they retain knowledge poorly or not at all, and 49 percent say they do just a fair job. The same study found that 78 percent of respondents said their organizations do not have a specific person or team responsible for knowledge retention plans, and 68 percent reported their companies don't have a specific operating budget for knowledge retention issues.

Effectively collecting and harnessing job-related knowledge must be a top priority for enterprises. The concept of "knowledge management," which began in earnest in the early 1990s, has changed dramatically over the years. Gone are the days of a company's spending its budget on complex databases and portals for collaboration. Today's answer — "knowledge capitalization" — is a blend of formal information systems and business processes with ground-up strategies for sharing knowledge to leverage best practices and mitigate risk of intellectual property loss.

Strategies for success in applying knowledge capitalization are twofold:

- Ensure that employees have easy access to preferred tool sets as well as to necessary corporate systems that intuitively collect, analyze and then broadly disseminate information.

- Influence cultural shifts to support the free flow and capture of information to execute business processes.

Getting Beyond the Baggage of 'Knowledge Management'

The concept of knowledge management has become outdated. Company leaders realized that you couldn't manage an amorphous pool of knowledge as you might manage accounting and operational data. In the early days, KM efforts focused on deploying complex knowledge repositories and collaboration systems with the goal of helping companies improve performance, innovation and competitive advantage.

IT executives and business managers found that the systems were not used to their full advantage — if at all — because they were overly complex and too rigid to capture and then broadcast true expert knowledge. In addition, executives realized that even the best knowledge-sharing programs don't intuitively lead to innovation.

"Managers need to think about supporting the work, not the flow of knowledge," says Steve Barth, a founding editor of *KM Magazine* who is now an independent consultant in knowledge management, organizational learning and communications for corporations and nongovernmental organizations. Today, says Barth, "Organizations are much more careful about how they plan knowledge programs, including technology purchases and implementations, because they are more respectful of the complex nature of workplace knowledge, and they are more realistic about what it takes to do this."

That's not to say that the role of technology has lessened. Technology platforms capable of capturing and deploying both explicit and tacit knowledge are invaluable. This knowledge transfer must include conceptual processes and system/transactional processes, such as how to perform a particular job task. And, providing the ability to track and measure effectiveness of the information will help management determine if the intellectual assets are being retained and capitalized on to benefit the organization.

At the same time, enterprises can't ignore the growing influence of ad hoc, personal networks used to share ideas and opinions. Organizations benefit from incorporating tools such as social networking and messaging systems into knowledge capitalization programs. "No matter how good a job we do with keyword tagging [in enterprise search], there's still not the same benefit as human connections that are less linear and more sloppy," says Dave Van de Voort, a partner in human capital management with Mercer, in Chicago.

Helping Managers Foster a Culture of Sharing

In today's dispersed and mobile enterprise, a culture of knowledge sharing means that managers and even senior executives need to think differently about how they motivate employees to share information. "You have to let ideas come to the forefront and proliferate, and let anyone with an idea explain and justify their opinion," says Ramon Barquin, president of Barquin International, a Washington, D.C.-based consulting group specializing in business intelligence, data warehousing

and knowledge management. "Otherwise, ideas will migrate outside of the company to competitors or to become startup ideas," says Barquin.

A popular philosophy is to foster "communities of practice," which are small groups of like-minded individuals within a company, such as Web developers, who share ideas and troubleshoot problems together in virtual meeting places.

The "bottom-up" approach to knowledge capitalization applies well to role-specific knowledge transfer that may rely more on traditional systems vs. social and personal communication tools to collect information. Before instituting a formal system, managers should find out what individual workers are using to get their jobs done and how they manage their own knowledge and collaborative efforts.

As an example, Barth describes a client that switched from one toolset favored by employees to another and then instituted rigid topics and rules for discussions. The new system ended up failing, because employees resisted the overly formalized approach, he says.

No matter what technology you choose, it's important for managers to include employees in the decision, avoid overly controlling the process and make it easy to share information and be spontaneous.

Selecting Tools That Make Sense and Getting Started

Today, instead of deploying large knowledge management systems, companies are enhancing their ERP and other business management systems with add-on technologies to capitalize on knowledge. Some common tools for collecting and analyzing enterprise knowledge include:

• Enterprise learning and implementation tools;

• Content development and knowledge repository systems;

• Collaboration tools such as portals that enable document sharing, wikis and discussion forums;

• Personal communications tools such as email, unified communications, instant messaging, Skype and social networking;

• Business intelligence and data mining; and

• Enterprise and desktop search.

It's not likely that an organization will need all of these technologies, but they should make an effort to match the tool(s) to the goals of the program. For job knowledge transfer, the merging of content management and enterprise learning tools has become a best practice. Such a system can give department heads a single tool that can both collect and organize data and then serve as a repository for workers seeking knowledge around process steps and tasks.

Consider an enterprise-learning tool that works with a company's existing systems, such as its ERP or HR system, to capture and disseminate organizational knowledge. Such a tool, layered on

top of enterprise software, can provide an easy method to capture and document all existing business and system processes.

Once the tool collects the process data, organizations can leverage the new knowledge in a number of ways:

• To create process documents that can be analyzed and modified if needed to improve a process or change a process to reach a desired business state,

• To generate test scripts for user acceptance testing to validate processes,

• To create simulations and other learning assets to share best practices for knowledge transfer,

• To capitalize on knowledge across the company.

Beyond the task of recording system transactions or processes, additional information such as Word documents, links to external sites and other types of conceptual knowledge can be shared. Others can access this rich pool of job and process knowledge from within the learning tool or from other systems, since the data can be exported and stored in enterprise learning and content management systems. These systems can dramatically increase productivity by capitalizing on information sharing across the enterprise.

Such systems, however, may not be appropriate for all audiences. According to experts, collecting and distilling information about entry or midlevel jobs is more realistic than trying to capture and codify executive or expert-level knowledge, since the latter is often based on a combination of gut-level intuition, years of experience and critical-thinking skills vs. best practices.

Conclusion

On balance, affordable, niche applications can supplement your existing IT systems to support a knowledge transfer and best-practice learning program. An enterprise learning tool is also effective in helping companies get more value from their ERP and other business management systems. While gaining job knowledge information, employees are also learning how to best use the systems that support their roles. Given the long history of issues with end-user adoption of and ROI from enterprise systems, this benefit alone is worth the investment in a knowledge transfer tool.

Knowledge capitalization programs that address enterprise "brain drain" can bring many benefits to companies, including reduced time transitioning employees into new roles and a culture of best practices based on expert knowledge from years of experience. Knowledge systems can also offer companies an edge up on the competition from perfecting processes and system knowledge, and they can deliver better understanding of customer and industry drivers. Over time, a comprehensive knowledge capitalization program can engender a more productive and satisfied workforce of people who have easy access to the information and resources that support optimal performance.

ORACLE®

Cultivating and Formalizing a Culture of
Knowledge Capitalization
May 2010

Oracle Corporation
World Headquarters
500 Oracle Parkway
Redwood Shores, CA 94065
U.S.A.

Worldwide Inquiries:
Phone: +1.650.506.7000
Fax: +1.650.506.7200
oracle.com

Oracle is committed to developing practices and products that help protect the environment

0110