

Institutionalizing Knowledge for the Next Generation in a Tirelessly Evolving Industry



**Northeast
Utilities**



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Institutionalizing Knowledge for the Next Generation in a Tirelessly Evolving Industry

1. Sustaining knowledge with an aging workforce: succession planning challenges and an evolving industry;
2. Transitioning collective knowledge without housing any unnecessary data;
3. Using practical tactics for balancing new and experienced employees during a transition period
4. Embracing the retirement eligibility rates as an opportunity for a new way of doing business;

To a very large degree, this is the ultimate exercise in change management!

“...tirelessly evolving...” – how cliché, right?

But that’s what we are, although...

- ...we do grow tired of that evolution, especially towards the end of our long careers;
- ...as a result, we become less receptive to change, especially if the timeline for a change extends anywhere near our retirement date;
- ...change management and change in general is hard;

1) Sustaining knowledge with an aging workforce: succession planning challenges and an evolving industry;

Best practices in succession planning;

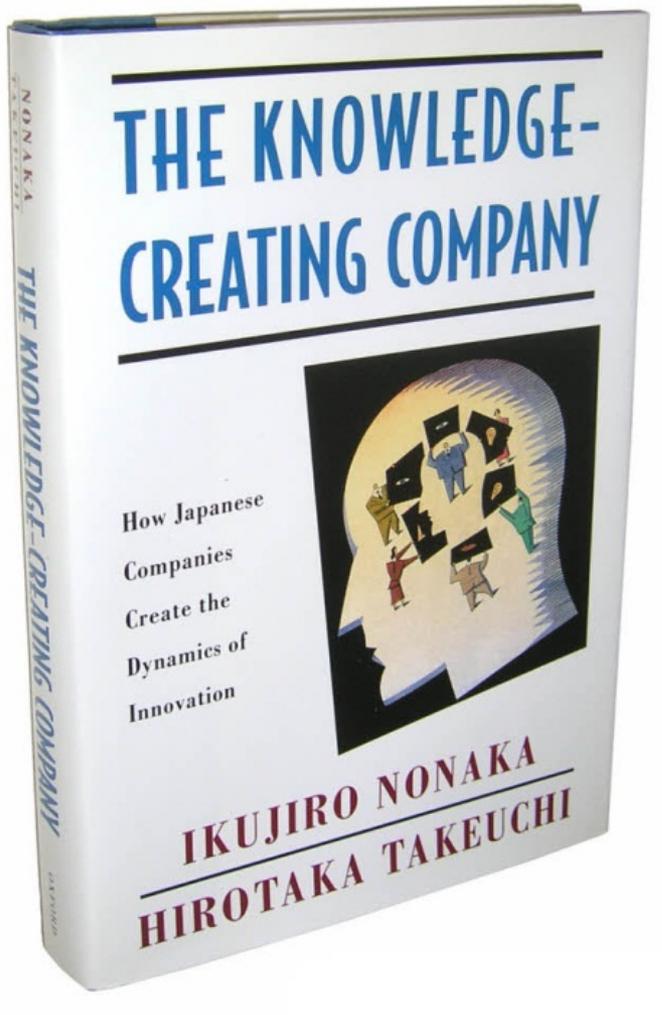
- Rotational assignments;
- Cross training;
- Routine coverage and other engagement of alternates for given roles;
- Delegate consciously for development;
- Minimize tacit/tribal knowledge i.e. don't keep it a secret unless that's necessary;

2) Transitioning collective knowledge without housing any unnecessary data

We deal with two forms of institutional knowledge:

- In general, explicit knowledge is formal, rational, objective, written, readily shared and is expressed with words, sentences, numbers, formulas, usually without needing context;
- Conversely, tacit knowledge is generally informal, unwritten, tribal, less readily shared, subjective, experience-based, subjective and is expressed as beliefs, images, intuition, technical/craft “know-how”, etc.;

Converting from one type of knowledge to another is necessary to preserve it and use it;



Preserving, transferring and using knowledge

According to Dr. Ikujiro Nonaka and Dr. Hirotaka Takeuchi in The Knowledge Creating Company.....

Tacit knowledge goes with the person when they leave; to preserve tacit knowledge, it must be transferred directly ("show me") or converted to explicit knowledge to be transferred later;

Explicit knowledge is durable and transferrable, but it can't be used without being converted to tacit knowledge. Example: widget assembly instructions are explicit, but we need to read them, understand them and internalize them before we can assemble the widget;

We need to consciously manage knowledge, especially when it's at risk!

- We already do a decent job with explicit knowledge – procedures, policies, project knowledge transfers, training, etc.;
- We do poorly at recognizing tacit/tribal knowledge, and it is rarely well-managed;
- Not recognizing it means not dealing with it effectively, and so it is often lost or mishandled at best;

How do we convert and/or transfer knowledge?

Recall: Converting from one type of knowledge to another is necessary to preserve it and use it;

• There are 4 processes for transferring or converting knowledge from one type to another because that's how many combinations one can get from 2 types of knowledge:

- Convert tacit to explicit;
- Convert explicit to tacit;
- Transfer tacit to tacit;
- Transfer explicit to explicit;

Convert tacit to explicit

- The process for converting tacit knowledge into explicit knowledge is “*externalization*”;
- Because tacit knowledge is internal, it must be externalized to be more readily transferred and used – written down or otherwise decoded, explained, made understandable....and recorded, written, etc. to preserve it, move it, etc.;
- Face to face communication is needed to extract, elicit, translate so that it can be recorded, written, etc.;
- Example: interviewing an expert to learn trade secrets, best practices, etc.



- The process of converting explicit knowledge to tacit knowledge is called "*internalization*":

- Internalization is learning - it is the personal conversion of what we think of as information into knowledge – it's information in the book, and it becomes our knowledge when we internalize it i.e. when we learn it;

- It is experiential – we need to somehow personally adapt the information presented into a form that we understand – aligning it with our preconceived notions OR changing those notions to achieve that alignment;

- Example: Learning anything (technically), but pointed examples are learning to drive, learning how to appreciate a fine wine, etc.

Convert explicit to tacit



Transfer tacit to tacit



- Because the knowledge is tacit, it is internal to someone;
- Transferring that knowledge and keeping it tacit is a process called "*socialization*";
- Socialization is experiential and involves direct interaction between the source and destination people;
- It relies on a shared experience that results in acquired skills and other knowledge;
- It is a process that is between 2 or more people;
- Example: "Let me show you how things get done here."

Transfer explicit to explicit

- Process is called “*combination*”;
- Combination benefits greatly from Information Technology;
- Explicit knowledge is stored in documents, email, data bases and therefore can be transferred readily in meetings, briefings, etc.;
- Steps include collection, dissemination and editing/processing;
- Combination facilitates the movement of knowledge between people, groups and organizations;
- Example: think about how procedures are created and disseminated;



3) Using practical tactics for balancing new and experienced employees during a transition period

Plan it! Be conscious of the choices, logistics, consequences;

Overlap start and end dates to transfer tribal/tacit knowledge;

Be selective as to who is “teaching” – manage their skepticism, avoid cynics;

Engage new employees to the extent possible to encourage a questioning attitude, better transfer of knowledge;

Consider the pain of a transition – outsourcing, for example. Forcing knowledge transfer is harsh, fraught with peril, nearly impossible to manage well;



4) Embracing retirement eligibility rates as an opportunity for a new way of doing business;

What's the issue?

- Just as traditional pensions are fading away, utilities are in the midst of a wave of pension-eligible employees retiring;
- There are 2 ways we can replace them:
 - Bring the newbies up to speed with what we do and how we do it.....or.....
 -take advantage of their “newness” and engage them in examining what needs to be done so they can contribute to how it gets done;

New employees present challenges and opportunities

↓ Less experience and knowledge than their predecessors;

↓ Less likely to stay for decades than their predecessors, especially if their retirement benefits are portable;

↔ They're not like 'us older folks' culturally, and as they enter the workforce in numbers, WE have to change;

↑ Not bound by 'the way we always did it';

↑ Have fresh ideas, skills, education, etc.;

↑ Likely energetic, eager to use their knowledge if only to compensate for their lack of experience; (fragile!)

But what about “benchmarking” and “best practices”?

- Seeking to incorporate best practices is smart, as is benchmarking to establish a baseline for improvement; There’s no reason not to do these things!
- But, aside from trying different combinations of best practices, the process is not really innovative at all because the best you can be implementing best practices is only as good as the way someone is already doing it;
- Innovation is needs-driven, generally by structural changes to the environment in which the process(es) is/are performed;
- New people with new ideas can spark innovation;

Have we been subject to environmental changes? 😊

“You betcha!” (*Fargo*, 1996)

- Weather events, other natural and man-made disasters;
- Regulatory sea change;
- Mergers and acquisitions;
- Outsourcing;
- Technology including “the cloud”;
- Job markets, the economy, competition;
- Pension, retirement and other benefit plans;
- Cost of healthcare;
- Public reliance on energy delivery;
- The nature of threats;
- Politics;

**LIFE IS
CHANGE.
Growth is
optional.
*Choose wisely.***

Change is substantial and ongoing

As an industry, when the ground moves and our surroundings change, if we respond by just looking at each other's processes as ways to respond, we're in trouble;

There's a difference between transferring knowledge and indiscriminately transferring culture. If we replace our experienced workforce with newbies and try to get them to emulate the people who left, what they did and how they did it, at best we're anchoring our future to our past;

- Use a 3 step change management process (Lewin, 1948; Schein, 1992;) –
 - Create common understanding of what's wrong with the current state
 - Create common vision of what the future state will look like, and what is better about it
 - Facilitate people's moving from current state to future state by providing tools, processes, etc., and by providing safety for those who do change states.

Three Steps to Change Management



Defining the problem is the first but often the hardest step for creating change

- What are your issues in dealing with retaining knowledge in an organization faced with a bow wave of retirements?
- How about merger and acquisition-related knowledge issues?
- Questions?

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