

Knowledge Capitalization and the Aging Workforce

In a survey from John Hopkins University's Carey Business School, 80 percent of organizations, including public-sector entities, lack a formal knowledge retention strategy

There is no one-size fits all way to effectively tap a firm's intellectual capital. Companies must focus on how knowledge on the core processes and activities that enable it to compete is captured, used, and disseminated to build critical capabilities they need in order to succeed. Understanding how to make knowledge available to the business is key. With the aging workforce and the risk of intellectual property loss, organizations must prepare to capitalize on knowledge to survive.

Retaining Intellectual Property with an Aging Workforce

- According to the U.S. Bureau of Labor Statistics, more than 25% of the working population will reach retirement age by 2010.
- Based on a 2008 study conducted by Institute of Corporate Productivity, 30% of companies acknowledge that they retain knowledge poorly or not at all; 49% say they do just a fair job; 78% say they do not have a specific person or team responsible for knowledge retention; 61% don't have a formal knowledge retention initiative under way.
- Organizations must prepare for the knowledge gap that will occur with the aging workforce.

Avoiding the Knowledge Gap

The retirement of the baby boomers has been a global topic of discussion. In many industries - oil and gas, aerospace and defense, to name a few –these skilled “baby boomer” workers have been the backbone of these industries for decades. Many organizations will experience a loss of skills and intellectual assets due to the retirement of these workers. Determining the cost impact and developing strategies for training the newly skilled personnel needed to avoid the knowledge gap is critical.

One of these strategies should include focusing on knowledge transfer productivity, which is the organization's ability to effectively and efficiently convey vital information from employee to employee in a way that keeps projects going at full speed. By continually identifying, evaluating, transferring and sustaining the information held by the organization's critical knowledge holders, the learning curve to replace these employees is greatly reduced.

To put this in perspective, here's an example of a workforce of 1,000 employees with a 10% voluntary turnover rate, with only half of these terminations being critical knowledge holders. With an average time to reach full effectiveness of 250 days (@ eight months), the organization has 50 fewer employees and 12,500 days of less than 100 percent productivity from the workforce. This could result in great degrees of losses across various areas of the business.

Manage intellectual capital as a strategic asset

Numerous industries will experience a growing shortage of knowledge and experienced workers, including leaders, caused by the aging of the workforce. Retaining this knowledge is crucial to success.

- 76 million baby boomers are going older and our workforce is graying with them.
- Knowledge management has been an established discipline since 1991, however, society still has not capitalized on it.
- Employees in the UK and US are costing businesses £18.7 billion a year because they do not fully understand their jobs, according to market research firm IDC.

Retaining Intellectual Property and Best Practices

Organizations need to manage knowledge as a strategic asset. By introducing best practices to execute product and process innovation, organizations can address any risk of loss of intellectual property and bring products and services to market faster. Developing standards provides guidance for new hires and enables organizations to retain intellectual assets from the critical knowledge holders. After all, intellectual property is a competitive differentiator – every organization should have a goal for retaining it to succeed.

It is crucial for organizations to understand both the tacit knowledge, which is internalized by an individual but that which they are not consciously aware of; and, the explicit knowledge, which an individual holds consciously in mental focus and can easily communicate to others. Tapping into the on- the- job experience of workers nearing retirement can preserve the tacit and explicit knowledge in product and asset-intensive industries and the risk of loss of intellectual property as employees leave is greatly reduced.

Disseminating Knowledge across the Enterprise

Information is not always easily shared across different applications and functional areas. Overcoming silos of information by leveraging the expertise of people across the organization enable adoption of insights and experiences. Evaluate what institutional knowledge is important and how urgent it is to capture it. Comprised knowledge, either embodied in individuals or embedded in organizational processes or practice must be disseminated to the user community.

Technology platforms capable of capturing and deploying both explicit and tacit knowledge should be used to expedite knowledge transfer. This knowledge transfer must include conceptual processes and system/transactional processes. And, providing the ability to track and measure effectiveness of the information and training as well as employee competency will help management determine if the intellectual assets are being retained and capitalized on.

Companies need to help employees make better decisions by providing the right information to the right people at the right time. When the knowledge of the aging workforce is deployed across the enterprise before it walks out the door, organizations can manage innovation, shorten new product development cycles, and increase their competitive edge.

About Oracle User Productivity Kit & Oracle Tutor

Oracle User Productivity Kit is a synchronized content development platform that enables organizations to capture, retain, and disseminate critical organizational knowledge. Through knowledge transfer, Oracle User Productivity Kit increases productivity by capitalizing on information sharing across the enterprise. Combined with Oracle Tutor, the business process documentation tool, these products are catalysts for ensuring end user adoption, enabling organizations to prepare for knowledge capitalization and tackling the ‘brain drain’ of the aging workforce.

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