

# The Power of Knowledge Transfer

## Preserving Your Secret Sauce While Mitigating Talent Management Risks

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Few organizations can say with any degree of certainty that they will have the workforce needed to execute their strategy one to three years from now. Over the past two decades, a new field has emerged to assess and methodically reduce talent risks, and to enable an organization to protect its “secret sauce”— the unique and vital knowledge employees possess that keeps the day-to-day operation in motion, drives creativity and innovation, and sets the company apart from its competition. We call this field knowledge transfer.

### What is Knowledge Transfer?

Knowledge transfer means replicating the expertise, wisdom, and skills possessed by critical professionals in the heads and hands of their coworkers. While knowledge transfer is often associated with on-the-job training and mentoring, it means much more than this. Simply put,

it moves the right skills at the right time to keep a workforce prepared, productive, innovative, and competitive.

Knowledge transfer includes the measurable, on-the-job transfer of both explicit skills as well as implicit or tacit knowledge. The key question is: if knowledge transfer is how people learn to do their jobs, what can we do to make the critical, high priority transfer of knowledge occur faster, with less stress, and with greater predictability and consistency?

Experts in an organization can replicate their secret sauce when they can intentionally answer these four major questions:

1. What knowledge and skills should I be teaching?
2. When should I teach it?
3. To whom should I teach it?
4. How can I teach it best?

While these questions sound simple to answer, the majority of

### Executive

### Summary



Given an onslaught of baby boomers reaching retirement, having a ready, high-performing workforce is more important now than ever before to remain competitive. However, a false sense of security shrouds many organizations. They may well have the talent needed today but seem to be ill prepared for potential departures of employees, especially those who possess unique and vital organizational knowledge.

Career Partners International, one of the largest talent management solution providers in the world, recently hosted a webinar entitled “The Power of Knowledge Transfer – Preserving Your Secret Sauce While Mitigating Talent Management Risks” to provide insight into the importance and impact of effectively transferring knowledge. This document summarizes and discusses the concepts introduced during the webinar.



experts find it difficult to do without assistance.

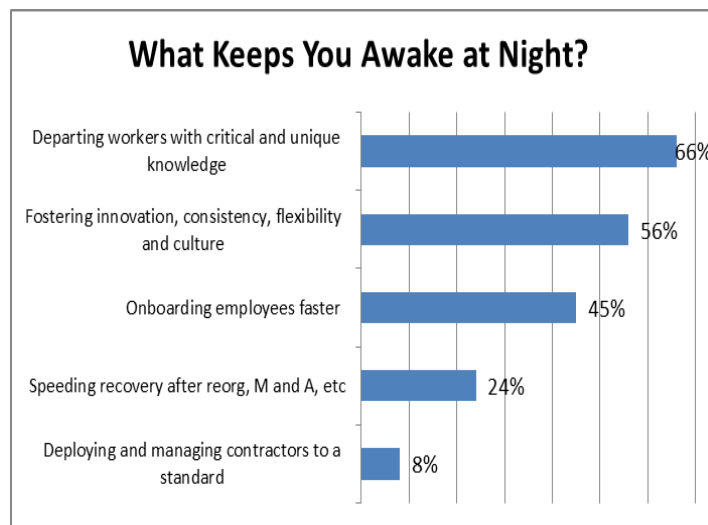
### Knowledge Transfer Addresses Common Business Challenges

With effective implementation, knowledge transfer is a key solution to many common business challenges. Typical applications and the impact of knowledge transfer include faster onboarding and ramp up to productivity; minimizing the knowledge loss of retiring workers; responding to emergency knowledge transfer needs, such as the unexpected loss of a critical expert; driving innovation; setting best-practice standards and improving consistency; product training from a vendor to a customer; engagement and retention of Millennials; reducing safety incidents and worker attrition; load leveling to reduce overreliance on one expert; and working with offshore partners.

In a poll conducted during our December 2013 webinar of the same title as this paper, we asked, “What keeps you awake

at night?” referring to the specific business issues that were on the minds of the hundreds of attendees.

The results matched our own observations in the field during this era of Baby Boomer retirement. What emerged is a picture that we encounter daily in conversations with our clients – the demographic trends of a



retiring workforce, combined with a post-recession emphasis on innovation, consistency, flexibility and culture are placing organizations at risk if they do not know how to respond to these challenges.

### “Good” Knowledge Transfer

Whether developing an in-house knowledge transfer approach or

hiring an out-of-house consultant to guide you, smart investors recognize that good knowledge transfer programs should:

- Be simple.
- Clearly show workforce risks that could cripple the organization in the future.
- Be measurable.
- Be tracked over time; models need to show how the risk is being reduced to maintain a ready, and productive workforce today and down the road.
- Include a methodology and tool set, with clear outputs that anyone can read and understand within a few minutes.
- Drive a clear conversation about what knowledge needs to be transferred, who is to deliver it, and who is to receive it.
- Be independent and unconstrained by the degree of social or communication skills

possessed by the person holding the knowledge.

- Foster a culture of knowledge transfer within the organization.

### A Proven 3-step Knowledge Transfer Process

A pioneer in the knowledge transfer field, The Steve Trautman Co. possesses a practical, proven model that solves many common business challenges facing organizations today. Following a quick, yet thorough preparation and customization phase, we apply our 3-step Knowledge Transfer Solution:

**Step 1:** Identify Risk  
(Knowledge Silo Matrix)

**Step 2:** Create a Plan  
(Skill Development Plan)

**Step 3:** Learn to Act on the Plan  
(Knowledge Transfer Workshop)

The following illustrates how this 3-step process addresses the common business challenges of four organizations.

#### Major Footwear Manufacturer

A major manufacturer's footwear division needed local managers in four Asian regions to assume new skills to accelerate product development and free key footwear developers to work on more innovative, next-generation products.

By analyzing job roles, identifying knowledge silos, creating a single "world standard" for critical tasks and moving those tasks from one role to another, the company now has a stable framework in place that ensures consistency in global development, increases innovation, and reduces the risk of losing key skills while engaging employees to catch inefficiencies.

#### Heart Valve Manufacturer

A leading developer of heart valves was preparing to bring a new device to market and needed to ramp up their manufacturing capacity for a large-scale clinical trial.

Using the Knowledge Silo Matrix, the company identified employees who demonstrated the key best-practice standards,

and developed a plan to document and methodically replicate those standards across the manufacturing process to ensure front-line consistency. Not only were the standards valuable in increasing capacity for the clinical trial, they also fashioned the framework for scaling up their on-boarding and training of any new employees in the manufacturing process.

#### Global Confectionary Company

An industry-leading multinational confectionary company faced the imminent departure of an expert in sugar science. This individual was critical to the organization's continued success by identifying innovations in the field.

By deploying an "Emergency Knowledge Transfer" protocol, the expert scientist was able to follow a 30-day plan which used his remaining time at the company in the most productive way to assure the organization's future success. The plan identified and prioritized the most highly-specialized knowledge possessed by the scientist so that only the most important knowledge areas were

addressed first. The plan also identified the scientist's successor and provided learning and communication tools to ensure accurate and measurable transference of the expert's knowledge. As a result, the company was able to maintain its industry leadership in a highly competitive market.

#### Major Warehouse Retailer

A global warehouse retailer considered abandoning an unsuccessful deployment of a multi-million-dollar technology solution that was two years into implementation but making insufficient progress.

A Knowledge Silo Matrix was developed which identified new

roles and standards that the entire IT division should follow for an effective implementation of the technology solution. Following a successful pilot of one team, the knowledge transfer solution was deployed division wide. The entire team can now measurably demonstrate consistency with those standards for an effective implementation of the technology, saving the retailer millions of dollars.

#### The Cost of Doing Nothing

The previous examples represent just a few of the many successful knowledge transfer stories resulting in real and measurable reductions in talent risks and

costs using a proven process. But what happens when a proven process is not utilized or efforts are not even made to mitigate such risks? What costs are incurred by organizations whose secret sauce slips out the door?

While often not calculated, very real direct costs result from an organization's apathy or lack of knowledge transfer. The following are some of the costs that impact an organization's profitability, and many times its viability, when a good knowledge transfer is not employed.

#### Longer Ramp-up to Productivity

There are costs associated with

### Calculating the Costs

The lack of a predictable knowledge transfer process results in higher talent management costs for organizations.

#### Longer ramp up to productivity

$\text{Salary/month} \times \# \text{ of unproductive months}$

#### Lost expert with no/unprepared backup

$\# \text{ of days} \times \% \text{ of capacity} \times \text{value of effort as new employee takes over}$

#### Lack of Consistency

$\text{Instances of rework} \times \# \text{ of employees} \times \text{\$/instance}$

#### Turnover

$\# \text{ of employees who leave} \times 1.5 \text{ their annual Salary}$

#### Productivity Lag

$\# \text{ of employees} \times \text{\$/Salary} \times \% \text{ of decreased capacity}$



not having a strategically aligned onboarding process. These can be estimated by taking the current time an employee takes to reach productivity multiplied by the employee's typical salary. With a good knowledge transfer process, organizations can cut the ramp-up time to productivity of employees by as much as 50%, resulting in significant cost savings that contribute to an organization's bottom line.

#### **Lack of Consistency**

When workers do not recognize the level of standards required for their work or are inconsistent in their output, quality suffers. The worker or supervisor many times must go back and redo the work, costing both time and money. Knowledge transfer helps organizations establish their "gold standard" which is recognizable by employees so consistency can be achieved. To calculate the direct costs of inconsistency, determine the number of instances rework was required and multiply this by the number of employees involved in the rework and their average wages for that time.

#### **Increased Safety Incidents**

Organizations can experience an increase in safety incidents, especially when work standards are not recognizable or onboarding processes are not clear. Calculate these costs by multiplying the number of safety incidents incurred by new hires/transfers by the average cost per incident.

#### **Talent Turnover**

The cost of turnover is conservatively estimated at 1.5 times the departing employee's annual salary. Underutilized talent or marginalized employees within an organization are a major risk for turnover. An effective knowledge transfer process identifies underutilized and marginalized employees so they can be better leveraged and more engaged to avoid exiting the organization.

#### **Unprepared for Loss of Expert**

For organizations, maintaining their secret sauce— the unique and vital knowledge employees possess that keeps the day-to-day operation in motion, drives creativity and innovation, and sets the company apart from its

competition – is critical. Nothing could be more devastating than to have unprepared or no backup when an organization's expert departs.

The cost of such a catastrophe can be calculated by simply comparing the productivity of the expert with the number of revenue/days required for a new hire to become 100% productive (e.g. new hire works at 20% of the expert's capacity for first 6 months).

Think about the impact of this if an organization has a number of individuals retiring at the same time! Simply multiply the cost above by the number of experts projected to retire or leave for any reason and one can quickly see how this type of situation could be catastrophic to an organization.

In our second poll during the webinar, we asked attendees to identify which costs their organizations are incurring as a result of insufficient knowledge transfer. While the consistency, productivity and ramp-up to productivity were costly, attendees overwhelmingly

identified the loss of an expert with no backup as their top cost.

Given how costly and devastating the loss of experts can be, it's surprising that more companies are not well prepared with a comprehensive knowledge transfer process. Out of more than 500 webinar registrants, 76% do not possess any type of plan! Only 14% possessed a plan for select individuals and 7% reported having an enterprise-wide plan.

### Case Study

A major drilling platform company reduced the time to productivity by nearly 50% through its knowledge transfer process.

The company is currently developing multi-billion-dollar projects for the oil and gas industry so it's critical their leaders are fully prepared as quickly as possible. Unfortunately, it usually took more than 7 years to fully develop a senior project director for the biggest projects. The company needs more than 90

new project managers in the next 3 years to lead their biggest projects. Hiring from the outside is too inefficient, so the new workers needed for these projects must be developed from within the company.

Using the Knowledge Silo Matrix, 16 technical competencies required to run the projects

these apprentices to accelerate their preparation and create a path for learning. The 40 experts were then trained to teach their skills, and the apprentices learned in a two-day workshop how to take responsibility for driving their own development. Finally, the project team provided training and structure to internal staff so that the

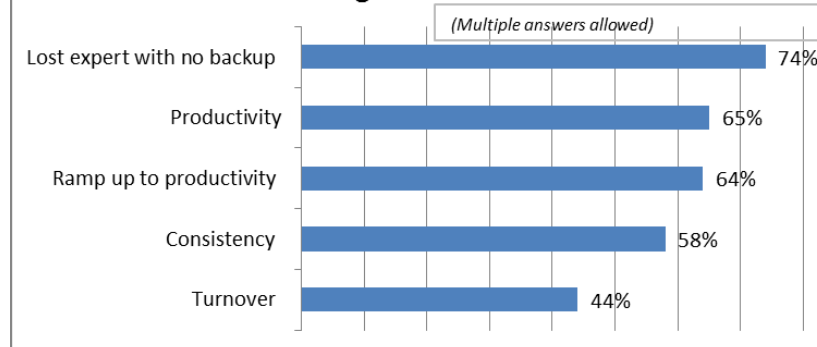
program can be maintained over time.

The Knowledge Transfer Solution identified and listed 165 tasks and skills that each project manager should master to prepare to lead the big jobs. The client now has the tools and resources to

track and validate that each participant is learning those skills from a qualified expert, according to their plan.

The data and conversations with the experts give company executives a clear sight line into each participant's progress. In some instances, participants have been removed from the

### What are the COSTS (\$/Time/Quality) of insufficient knowledge transfer in your organization?



were identified and documented. The project team then identified and recruited 40 senior experts from around the world to teach these 16 competencies to the high-potential learners (apprentices) who were also identified from around the world as candidates to take on the new roles. A customized Skill Development Plan was created for each one of

program because they were not advancing quickly enough.

Two cohorts were launched in the last year, one in Paris, France and one in Houston, Texas. A new cohort was just launched in the United Arab Emirates in December with plans for additional cohorts in Malaysia and Brazil in 2014. *In the last year more than 1100 skills have been learned by apprentices in the program and this number is set to accelerate exponentially as more experts and apprentices are introduced to the program.* Additionally, the company is now presenting this framework as a competitive advantage with their clients in the sales process. Future cohorts have been identified with a long-term plan in place to ensure methodical

talent risk reduction over time.

#### **A Final Note**

Organizations that will win in today's highly competitive world are those that will keep their day-to-day operations in motion, drive creativity and innovation, and set themselves apart from the competition. They will preserve their secret sauce and effectively mitigate talent risks. They will have effective knowledge transfer processes to ensure a well-prepared workforce is always in place. They and their employees will embrace knowledge transfer as part of their cultures to the point that any employee can confidently answer these 3 simple questions:

1. What is your role and how

does it fit into the big picture?

2. What are the tasks?
3. What are the standards you'll follow so you're consistent with expectations?

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*Is your organization prepared to be a winner? Career Partners International, in collaboration with The Steve Trautman Co., helps organizations around the world mitigate talent management risks and replicate their top talent with a 3-step Knowledge Transfer Solution. For additional information on this or other talent management solutions, please contact your local Career Partners International representative.*



### **About the Authors**

Steve Trautman is corporate America's leading knowledge transfer expert. He has been a pioneer of the field since the early 1990s when he developed the first company-wide knowledge transfer program for engineers at Microsoft. Today his 3-step Knowledge Transfer Solution is the gold standard for best-in-class organizations around the world such as Boeing, Nike, Goodyear, Aetna, US Steel, Costco and more. Steve speaks internationally on a variety of topics related to knowledge transfer, and his 3-step process to assess and reduce talent management risk is the simplest, most practical solution in the industry. He's the author of two books: *The Executive Guide to High-Impact Talent Management* (co-authored with David DeLong) and *Teach What You Know: The Practical Leader's Guide to Knowledge Transfer*.

Mike McKee is the Managing Partner of Career Partners International – Houston where he leads the overall operations and business development initiatives of the firm. With over 30 years of management experience in the private sector and with non-profit organizations, Mike is a strategic business planner and implementer who enables executives to achieve their organizational and professional career goals. A consummate relationship builder and team facilitator, Mike also oversees the global marketing initiatives across Career Partners International's more than 200 locations.

### **About Career Partners International**

Career Partners International is one of the world's largest providers of talent management solutions with more than 200 offices in over 45 countries around the world. Organizations of all sizes turn to Career Partners International to successfully assess, engage, develop and transition talent using the expertise of more than 1600 highly-skilled experts in the areas of assessment, coaching, leadership development and outplacement. Additional information can be found by visiting [www.cpiworld.com](http://www.cpiworld.com).