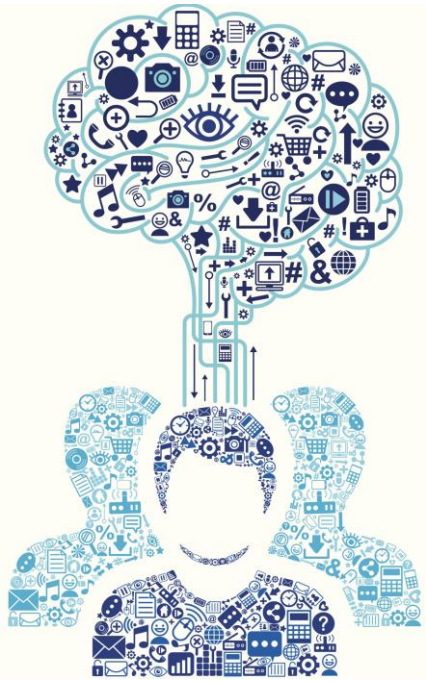
The hidden 'brain drain' problem

Why Organisations need to tap into Tacit Knowledge and the business benefits it can produce

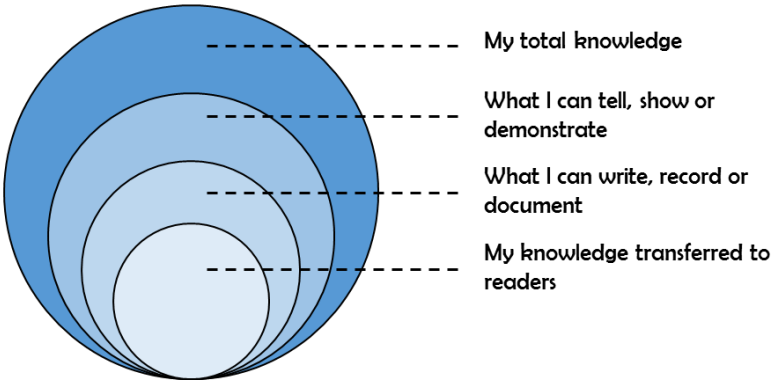


Introduction

Businesses are having to be more focused on sources of competitive advantage, and deliver more with less resource. The concept of customer value in a rapidly evolving knowledge-based economy is more difficult to quantify, and often more difficult to recognise. The reason is that much value and knowledge in a business remains tacit rather than explicit. Much of what great businesses do is ingrained in their culture far more strongly than it can ever be held in systems or process. Behaviours and tacit understanding deliver hidden value to customers in a myriad ways, but we are not capturing this knowledge. This leaves organisations vulnerable to losing their capability when staff move positions, are promoted, or leave the business. It is becoming an increasingly complex issue to resolve. This paper explains how important the capture of tacit knowledge is to the organisation's capability.

From Tacit to Explicit Knowledge

I know more than I can tell: I can tell more than I can write



Where Tacit Knowledge Resides

Tacit knowledge can be found in two forms, Embodied (in individuals and social networks) and Embedded (processes, systems and products).

Embodied Knowledge

Individual Knowledge
Historic buildings tend to be a patchwork of:

- original materials and finishes
- repairs and maintenance of equipment, surfaces and features
- up-grades and 'improvements' in equipment
- hazardous materials (such as asbestos)
- periodic major renovations.

How these are managed and maintained depends more on tacit knowledge than what is documented. Experience, know-how and 'nous' are critical in efficient operations. They manifest themselves in two ways. Knowledge of site conditions, interdependencies between systems ("don't open that valve until you have bled the ground floor pipes"), and advanced problem solving techniques. RAF technicians on Nimrod aircraft would fault-find the many hydraulic problems using two spanners. One spanner lodged behind the ear of one technician while the other tapped along certain hydraulic hoses which were the usual suspects until there was a subtle change in ringing tone. This saved hours over the formal procedure.

Social Networks
Knowledge is embodied in social groups in a number of ways, such as their 'ways of working', how they contract with each other, and their relationships. High degrees of trust and understanding result in many short-cuts in language, decision making and priority setting. This is often efficient yet completely opaque to a casual observer, or new member of the team. This is further reflected in tacit 'specifications' and soft contracting. Team members know the standards of work required, intuitively know what level of priority a task is, and are able to contract with each other quickly and confidently.

Embedded Knowledge

Tacit knowledge is embedded in process and systems; in this regard heritage sites are little different from many businesses, though the extent to which knowledge can be captured effectively in processes is more limited. This is because process often depends on many variables and there is little standard about an aging building.

Equipment and materials used in construction also contain embedded knowledge (and the case of asbestos shows that not all embedded knowledge is positive). The specification of equipment, its purchase and maintenance all reflect the detailed understanding of the purpose it has to fulfil in the environment it is placed. A heating system may contain anomalies or complexities which might not be needed for general running, but are essential during routine maintenance.

The Value of Tacit Knowledge

Innovation - The leading edge of the firm's learning (and a source of its future innovations) is often to be found in the tacit knowledge of its people. Although innovation remains a poorly understood subject, the best available research suggests that tacit knowledge, properly mobilized within an organisation, drives a "virtuous spiral" of further knowledge creation and innovation.

Best Practices - Attention to tacit knowledge can enable firms to identify and transfer best practices more effectively. People develop tacit knowledge as they solve real problems in pursuit of real goals. This means that tacit knowledge, when compared with explicit knowledge, tends to reflect more closely the reality of how work actually gets done. Often, what is "best" about a practice fails to show up on process maps or equipment specs.

Imitation - Tacit knowledge can help firms to resist imitation by competitors. Because it is embodied in people and embedded in the things they create, tacit knowledge tends to be "sticky"—to resist transfer to new groups and settings. Although this stickiness makes the mobilization of tacit knowledge particularly challenging, it makes its appropriation by competitors even more difficult.

Core Competencies - Finally, a consideration of tacit knowledge can illuminate the emerging core competencies of the firm. Tacit knowledge emerges from their particular situations, skills, and experiences and, in aggregate, reflects the history and circumstances of the firm. In this sense, tacit knowledge needs to be considered in the evaluation of the firm's core capabilities—those "best in world" capabilities with the potential to distinguish the firm from its competitors.

How to Capture Tacit Knowledge

This depends on three aspects; an appropriate culture, a reasonable expectation of the end objective and a sound process.

If the culture is one of 'knowledge is power' then asking experts to yield up their power is not going to be fruitful. Staff and teams need to feel that it is safe to share knowledge that will be respected, not turned against them. Ways of working may be non-compliant, against policy and counter to management's understanding, so there has to be an 'amnesty' approach if management: staff relations were hitherto adversarial.

The realism of the end objective needs to be borne in mind – what is the art of the possible?

Tacit knowledge can be made explicit in a number of ways:

- Experts explaining to peers simple know-how
- Experts or teams amending process descriptions to include new-found explicit knowledge
- Experts demonstrating how something works, or is achieved, to peers.

The latter is interesting because sometimes tacit knowledge moves from one expert to another and yet remains tacit. Anyone who has been skiing knows that you have to

feel how a turn works in order to become skilled at turning; no amount of theory helps your brain tell your feet, legs, hips and back what to do.

A range of events and approaches can be applied to capture tacit knowledge:

- Interviews and staff questionnaires
- World Café style events
- Use of narrative to make the tacit explicit
- Yam Jams – Yammer discussion groups to share knowledge
- Wiki-thons – intensive sessions to share and capture team knowledge (originally used to generate Wiki content on a given subject)
- Use of video/head cam by the experts touring the site while giving a commentary

Conclusion

In many organisations, tacit knowledge and its management is becoming increasingly important in delivering high quality outputs. Business has become too complicated to make all the required knowledge explicit, and the irony of living in the 'knowledge economy' is that ever greater amounts of know-how are vested in the minds and consciousness of individuals and teams. Things 'just get done' through understanding and unstated process in a way that would not have happened previously.

How we go about this involves applying tacit knowledge management principles, a new "organising concept" for most businesses.

We have set out the issues and the challenges of managing tacit knowledge in this paper and hopefully conveyed the size and complexity of the subject. The question of 'what to do about it' is equally complicated and often the answer is 'it depends'. We have mentioned a few of methods that can be used to collate and exploit tacit knowledge. The important element is how they are applied depending on a number of criteria, including size of business/team, the organisational culture and appetite for sharing/collaborative working, the reward and incentive mechanisms, and even the quality of leadership and management.

What is clear though is that this new organising concept will be important in creating competitive advantage for most knowledge based businesses in the future.

For further information on how best to harvest tacit knowledge in your business, please contact **Andrew Garbutt, Director on 07773 338 687**.