

70

20

10

INSTITUTE

High Performance for 2020 and Beyond: Strategies and Technologies That Work

Leveraging Intellectual Capital to Quantify
Organizational Performance



Index

- From Explicit Knowledge to Tacit Knowledge**
- From Tangible Value to Intangible Value**
- From Individual Work to Team Work**
- From Knowledge Management to Insights Expertise**
- From Curation to Action**
- Making It All Work**
- Pandexio's Smartsnips® Solution**
- Authors**
- Bibliography**

High Performance for 2020 and Beyond: Strategies and Technologies That Work

Insight is the new competitive advantage in the Era of the Expert. And, insights are based on information and knowledge created, contributed, collected, curated, and connected by exemplary performers who understand the context of use.

From Explicit Knowledge to Tacit Knowledge

In yesterday's knowledge economy, codified knowledge harbored by individual employees was considered the key value creator. However, this model is being rapidly replaced by today's more powerful era of the expert. The era of the expert is characterized by the importance of exemplary performers and the challenge for organizations to spread their tacit knowledge^[1], as well as their explicit knowledge, in the right context across the entire organizational network. No longer are stacks of codified knowledge stored in databases the principal asset of value. Today, the value lies in 'flows' of explicit and tacit, or intangible, knowledge from the heads of domain experts – through the nodes and across work communities – to those who need it for decision-making and action. Much of this useful knowledge is based on the reflective experience and guidance by exemplary performers.

John Hagel III, John Seely Brown, and Lang Davison of the Deloitte Centre for the Edge described this phenomenon almost a decade ago^[2].

In this rapidly changing world, our stocks of knowledge (what we know) obsolesce more quickly and success depends increasingly on our ability to tap into expanding and diverse flows of knowledge to more rapidly refresh our depleting stocks of knowledge.

Hagel, Seely Brown and Davison stressed the fact^[3] that building and deploying models and tools to facilitate these flows of knowledge is critical for future success, and the place to look, in terms of success, is at the edges of organizations rather than in existing practice. Most resources reside

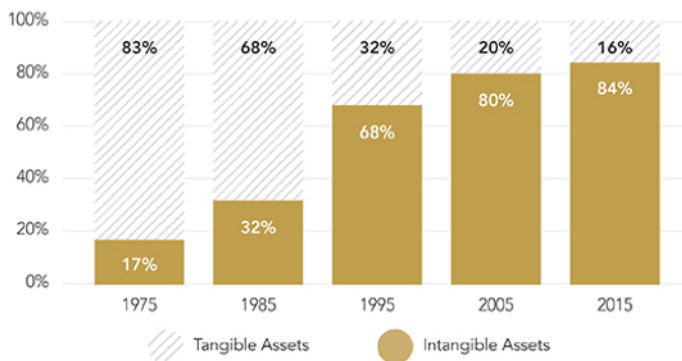
in the core of businesses together with entrenched ways of thinking and acting. These ways of thinking and acting are unlikely to change. It is out on the front-line where the need to get better faster is a greater driver and where the most urgency exists. This is where the focus for capturing, sense-making, and sharing knowledge and expertise needs to occur.

One of the most important responsibilities organizational strategists, process experts, HR, talent and learning and development professionals hold is to support and encourage this flow of expertise and insight. It is a far more important role than distributing only explicit information, often a form that is codified in training programs or eLearning modules. This heralds new disciplines and innovative practices rather improvements of existing learning and 'knowledge transfer' models.

From Tangible Value to Intangible Value

Organizational knowledge is the key intangible resource high performing organizations need to exploit, and a global shift has been occurring in the significance of intangible resources over the past 40 years. Intangibles have now overtaken tangibles in terms of being the major contributors to organizational value. Longitudinal studies by Ocean Tomo clearly demonstrate this trend (see Fig.1).

COMPONENTS of S&P 500 MARKET VALUE



SOURCE: INTANGIBLE ASSET MARKET VALUE STUDY, 2017

Fig.1 Rise of Intangibles in S&P 500 companies by market value^[4]

In 1975, more than 80 percent of value of S&P 500 companies was tangible – in the form of factories, plant, machinery, inventory and so on. By 2009, the ratio of intangibles to tangibles had ‘flipped’. By this date more than 80 percent of value was defined as intangible – in the form of intellectual property, business methodologies, brand, goodwill and so on. This intangible value is generated and maintained through the ability and efforts of the workforce. Value has moved from the hands of the workforce to the heads of the workforce.

This ‘flip’ further reinforces the need for effective processes and tools to support the seamless flow of knowledge across increasingly networked and complex organizations. This does not happen spontaneously. To succeed, organizations must quickly refocus, re-engineer and re-tool to enable the *dynamic two-way flow of power and authority, based on knowledge, trust, credibility and a focus on results, enabled by interconnected people and technology*^[5] as described by organizational futurist, Jon Husband in his Wirearchy model.

On a practical level, this means embedding tools and processes to extract information, knowledge and insights and, where the real value is created, to share them in real-time and enable people to act in better ways.

From Individual Work to Team Work

Team work is another critical factor for high performing organizations in 2020 and beyond. Teams are the atomic units for success. Effective knowledge flows within teams are essential for high performance, and within teams there is invariably high levels of contextual coherence. This means the knowledge of one team member is more likely to be actionable by other members as they operate within similar contexts.

Despite traditional performance management systems and processes, very few of us achieve our objectives alone in today's workplace. Many of our systems are based on the premise of the individual contributor despite the fact that it is almost impossible to separate individual contributions from team outputs in the daily workflow in high performing organizations. Nor should we be looking to do this. The focus should be on helping workers collaborate and cooperate more frequently and more effectively. Evidence suggests that teams, containing or connected to experts, particularly when enabled with software or technology, always outperform even the best and brightest of individual experts. We need to exploit this fact.

One key to achieving the move from focus on individual performance to team performance is to facilitate curating, sharing, and refining of the knowledge that is held in the heads of (especially) exemplary performers and in 'fragments' of documentation scattered within and outside organizational walls.

From Knowledge Management to Insights Expertise

Knowledge management approaches and systems have been with us for many years and are still widely used to capture and share content, but have failed to realize the 'critical hidden value' in organizations.

Knowledge management is altruism-based and tend to be data-focused. Knowledge management systems rely on people to contribute information, so others can access it. Early knowledge management systems were exclusively data-centric and focused on standardized systems and processes. More recent knowledge management systems have developed to be people-centric, but still lack a clear link to the 'what's in it for me' need that most well-intentioned workers have. Knowledge management is a step forward from trying to get workers to store all the information they might need in their heads, but is not the answer for adding significant value.

Harold Jarche's Personal Knowledge Mastery (PKM)^[6] approach, although focused primarily on building individual capability, is an important further step beyond knowledge management. Personal Knowledge Mastery stresses the importance of sharing insight rather than simply sharing information. The PKM three-step concept of 'seek-sense-share' reinforces this step. Rather than simply finding, cataloging and then sharing, PKM supports action through sense-making, collaboration and cooperation.

Personal Knowledge Mastery moves us a step closer to the power of curated insight and, with the addition of suitable tools to support the PKM processes, closer to realizing key elements of a strategy for high performance.

Loew, Danna and Burge highlight curated insights™ as a toolset solution that can enable strategies for high performance in their 2017 article *What to Know About Third Generation HR Technology*^[7].

“Successful organizations are quickly taking action to shift workers from content curators and information users to digital experts creating and sharing curated insight with employee teams and across the enterprise network. Curated insights are meaningful bits of wisdom derived from all the content that subject matter experts, thought leaders, and influencers have curated for the sole purposes of accelerating productivity across employee networks and outperforming the competition.”

The important point Loew, Danna and Burge raise^[8] is that real value is created not simply by capturing and sharing content, but by adding and sharing *insights* – a combination of explicit and tacit knowledge provided with relevant context - around the content. This is a step forward from knowledge management towards effective knowledge use and value realization.

From Curation to Action

HR and L&D departments across the world have embraced user generated content and content curation as new capabilities to capture and share information across their organizations. Content curation involves categorization and filtering, and can certainly improve visibility and searchability, but curation alone has limitations. It is one step removed from action. Insights, on the other hand, when provided with appropriate context, are actionable. Content curation, in effect, provides the catalogue and index for knowledge trapped in an organization's library stack. Curated insights represent the comments in the margins, the bent page corners, and the highlighter marks in the individual books. These are the important value-adds that overlay context to organizational information and knowledge and make that information and knowledge truly actionable.

Insight curation is a vital process in a world where most of the valuable information in organizations is held in fragmented flows, email, physical and virtual discussions, intranets/SharePoint sites and, most importantly, in the heads of exemplary performers. The real benefit comes from extracting this mix of tacit and explicit knowledge, adding value, and sharing it across the organization. When combined with other tools and methodologies, such as performance support, to help determine which elements of knowledge are critical for which task or procedure in any specific context, insights offer huge potential for the acceleration of organizational performance.

Insight curation tools, such as Pandexio's Smartsnips[®], enable team members to cut through the morass of daily information and quickly identify the vital nuggets of wisdom – the 'actionable two percent' as Laci Loew describes it^[9].

Getting to actionable information means long gone are conventional L&D Departments focused on offering less-than-engaging training programs; no more complex and multi-disciplinary approaches to systematically managing information assets spread across the enterprise; good bye to static tools intended (but often fail) to support training or accelerate change; and so long to unwieldy sales reports and/or data files that yield little, if any, relevancy to enabling the sales process and actually closing deals.

Making It All Work

The answer to building and supporting high performance doesn't lie in 'codifying and transferring' information and knowledge as we have done in the past. This is the basis of traditional training approaches and has clearly failed to address the 21st century challenges where complexity and connectedness has increased at an exponential rate.

Neither does the answer lie in simply incentivizing workers to support their colleagues and their organization by developing habits of gathering, curating and sharing. Incentivization can work, but often in strange ways. People can be encouraged to contribute for the organizational good, but appealing to altruism alone will not deliver success. Daniel Pink explained the rationale and research behind this phenomenon in his best-selling book *Drive: The Surprising Truth About What Motivates Us*^[10]. To be sustainable, behaviors built on incentives need to demonstrate explicit long-term personal as well as group and organizational benefit.

The solution lies in the development and deployment of new mindsets and methodologies, together with insight curation tools and processes, which mold and blend into the workflow. The mindsets and methodologies are those embedded in the 70:20:10 approach. The technologies and tools are those that provide simple processes to support identifying, extracting, adding insight, and sharing actionable knowledge.

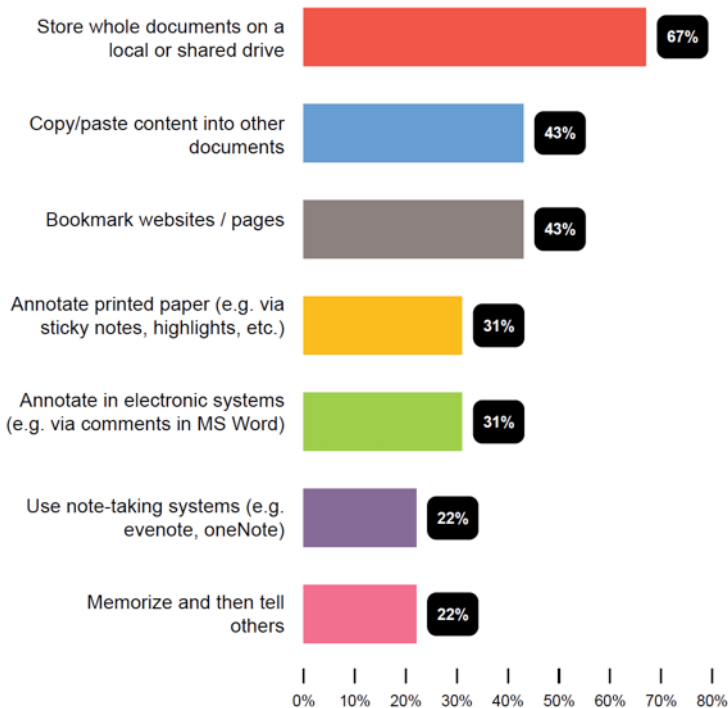
These solutions step beyond explicit information, knowledge and skills. They tap into the real intellectual capital value where insights can be exploited beyond the individual who generates them, and where the value of learning from working (the '70') and learning through others (the '20') can be fully realized.

Pandexio's Smartsnips® Solution

Pandexio® is one technology provider that is responding to this challenge. The company, headquartered in California, is the pioneer and expert on curated insights.

Traditionally, the vast majority of insights are stored between employees' ears where they decay rapidly and rarely get shared. The balance is buried inside documents or browser bookmarks that employees intend to re-read, but rarely do. In a 2018 HR.com survey of 880 global business and HR executives, a mere 3% reported that they were satisfied with how employees currently attempt to share curated insights – that is, largely via storing whole documents or copying and pasting content into other documents.

Survey Statement: From the following practices, select the three that your employees are most likely to currently use in order to curate insights from the information they consume: (select up to three)

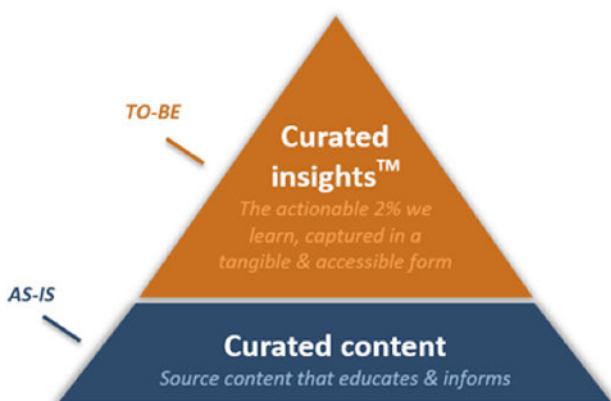


Storing entire documents is, by far, the most common current way of curating insights

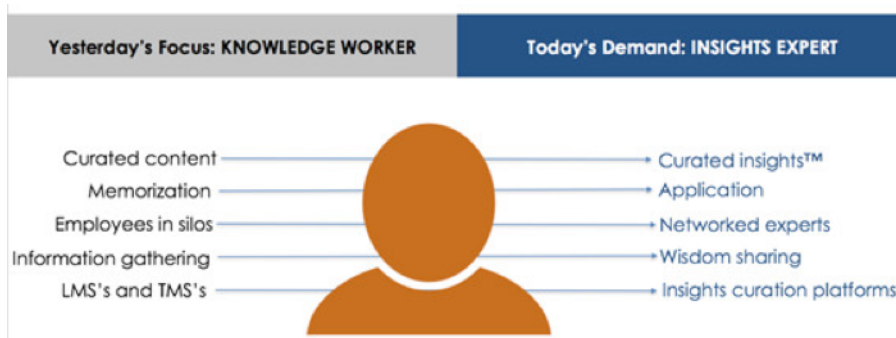
In fact, the majority of survey respondents described these methods as simply inefficient and ineffective.

Pandexio's insight curation platform, called Smartsnips®, changes that. By reversing the data structure (starting with the insight rather than the whole document), employees can now readily distill actionable bits of knowledge to make better decisions, faster.

Pandexio has several patents granted on their curated insights approach to building a workforce of experts.



By investing on curating insights (versus only curating content), 2020+ organizations can transform their workforces from knowledge workers sorting and curating content to insights experts sharing wisdom and building the intellectual capital of the organization.



"In today's world, access to content is not a differentiator. It (Smartsnips) is not about curating content; it is about distillation of wisdom. It allows a SME to teach another in three minutes. Every company should invest its time and money here."

Senior Director Strategy, a large technology company

Smartsnips provide a practical solution to the core problems that have been bogging down knowledge workers for decades and preventing them from accessing and leveraging each other's knowledge:

- Information overload (too much to read)
- Memorization overload (can't recall insights learned)
- Mass loss of company intellectual capital (insights between ears, or in personal spaces)
- Lack of systems support for analytical, critical or systems thinking

Higher-progress organizations are already using Smartsnips. Here are just three examples of how:

Impact of Curating Insights		
Use Case	Current Pain Points	Smartsnips Curated Insights
Human Capital Management	<ul style="list-style-type: none"> ▪ Employees forget as fast as they learn ▪ Learning Management System courseware has limited shelf life and often costly to develop ▪ Key talent retires or exits taking with them actionable insights and knowledge ▪ New hires often spend too much time onboarding and time to productivity is elongated without access to experts' brains ▪ Millennials and Digital Z's arrive with expectations about becoming experts and learning collaboratively, well beyond the capabilities of traditional learning systems and strategies 	With Curated Insights, organizations can leverage the combined brain-power of all the company's subject matter experts sharing nuggets of critical knowledge (Smartsnips) with each other, among teams, and across the enterprise

<p>Sales Enablement</p>	<ul style="list-style-type: none"> ▪ Products, technologies, regulations and markets change faster than ever ▪ Web-savvy customers are more knowledgeable than ever ▪ Customers expect sales reps to be experts ▪ Existing sales enablement solutions produce static, multi-page documents and collateral – too much information to recall and apply at the time of need ▪ Sales Reps come across as lacking in knowledge and expertise, losing the value and trust necessary for customer engagement and closing deals 	<p>With Curated Insights, Sales Reps and enablement teams synthesize the most important sales knowledge (customer pain points, product features, competitor weaknesses, etc.) with instant access to that information on all mobile devices (including smartphones). Having ready access to key insights from Marketing, Product, Support, and Contracting Teams, Sales Reps are true product experts with quick and accurate answers to customer questions, with solution alternatives, and thus add the value the customer seeks.</p>
<p>Customer Support</p>	<ul style="list-style-type: none"> ▪ Products and services change faster than ever ▪ The Web is sprouting in support content to answer the basics ▪ Customers are becoming highly educated, resulting in sophisticated requests that call for complex answers and expert-level support teams ▪ Companies can't afford to pay expert-level wages for support staff ▪ Existing, specialized knowledge-based solutions aren't keeping pace in providing answers to customer's complex questions ▪ Support answers always exists within the four walls of the company – it is just buried in documents and brain cells, with the core problem being accessibility 	<p>With Curated Insights, organizations can leverage daily content consumption across the company to generate discrete and actionable knowledge objects from the existing content. Instead of relying on one-off knowledge-bases that rarely have updated and easily found content, they can leverage the entire workforce to crowd-curate insights for Customer Service Reps and Contact Center Agents. They can further empower Customer Service/Contact Center Agents with access to the expertise of all internal company experts, so they always possess the highest the level of expertise that callers now expect/demand thus improving service metrics including Speed to Answer, First Call Response, and the like.</p>

In today's Era of the Expert, knowledge is foundational and insights are the business differentiator. Curated insights are the means for powering up performance regardless of level or function and for sharing expertise across the entire enterprise.

Curated insights free everyone from the limitations of knowledge hoarding and personal content stores, and enable every employee to tap into the expertise of the smartest employees – so collectively, everyone can make better, faster business decisions and outperform the competition.

For more information about curated insights and Pandexio's Smartsnips®, visit their website <http://www.pandexio.com>.

Authors



Bob Danna, Retired Managing Director, Deloitte LLP and Executive Chairman, Pandexio Inc.

Bob Danna retired as a Managing Director from the Human Capital practice at Deloitte Consulting LLP in June 2017. With more than 40 years of experience in HR and learning transformation, leadership development, workforce analytics and associated management consulting, he has provided consulting services world-wide for both commercial and government clients. In January 2013, Bob joined Deloitte as part of the acquisition of Bersin & Associates where he served as EVP and COO. Since joining Josh Bersin in 2005 he routinely leveraged Bersin's research insights and benchmarking for clients seeking to accelerate the impact of human capital management, along with associated business results. Prior to Bersin, he held senior executive management positions at several consulting firms, served on several Boards of Directors (both domestically and internationally), was a naval officer, and completed master's degrees in physics and engineering. Following his retirement Bob applies his experience as an industry influencer and advisor, as well as serving as a member of several boards of directors, including as Executive Chairman of Pandexio, Inc.



Charles Jennings, Co-founder, 70:20:10 Institute

Charles Jennings is known globally for his work with the 70:20:10 model. As a co-founder of the 70:20:10 Institute, he works with senior leadership teams, HR groups and L&D professionals to help their workforces (and them) effectively use the 70:20:10 methodology. His 40-year career includes roles as a business school professor, as a Chief Learning Officer, and as a senior advisor and member of boards and steering groups for international learning, performance and business bodies. Charles is an in-demand speaker and consultant, keynoting events across the world, including several Gulf Economic Forum conferences where he has shared platforms with Presidents, Prime Ministers and other world leaders. Charles is a Fellow of the Royal Society for Arts (FRSA), a Fellow of the Learning & Performance Institute (FLPI), and a Fellow of the British Institute for Learning & Development (FBILD). He has been honoured with the UK World of Learning 'Outstanding Contribution to the Learning Industry' award in recognition of his work on new approaches to workforce development. He has also received the Learning & Performance Institute's (LPI) highest award for his significant and lasting contribution to the Learning Industry.

Bibliography

1. Tacit Knowledge is defined here as 'skills, ideas and experiences that people have but are not codified and may not necessarily be easily expressed' from Chugh R. (2015). *Do Australian Universities Encourage Tacit Knowledge Transfer?* In Proceedings of the 7th International Joint Conference on Knowledge Discovery, Knowledge Engineering and Knowledge Management, ISBN 978-989-758-158-8, pages 128-135. DOI: 10.5220/0005585901280135
2. Hagel, J., Seely Brown, J., Davison, L. *The Big Shift: Why It Matters*. Deloitte Centre for the Edge. Sept. 2009. <http://www.johnseelybrown.com/bigshiftwhyitmatters.pdf>
3. Hagel, J., Seely Brown, J., Davison, L. *The Power of Pull: How Small moves, Smartly Made, Can Set Big Things in Motion*. Basic Books. 2010 ISBN 978-0-456-01935-9
4. Source: Ocean Tomo. *Intangible Asset Market Value Study*, 2017. <http://www.oceantomo.com/intangible-asset-market-value-study/>
5. *Wirearchy* definition. Wirearchy is an emerging organizing principle developed by Jon Husband over the past 20 years. <http://wirearchy.com/what-is-wirearchy/>
6. Jarcho, H. *Personal Knowledge Mastery*. <http://jarcho.com/pkm/>
7. Loew, L., Danna, R., Burge, J. *What to Know About Third Generation HR Technology*. Sept. 2017 <http://laciloew.com/know-third-generation-hr-technology/>
8. Ibid.
9. Loew, L., *A New Must-Have Solution to Enhance Workforce Productivity*. March 2017. <http://laciloew.com/new-must-solution-enhance-workforce-productivity/>
10. Pink, D., *Drive: The Surprising Truth About What Motivates Us*. Riverhead Books. (2011). ISBN 978-1594484803