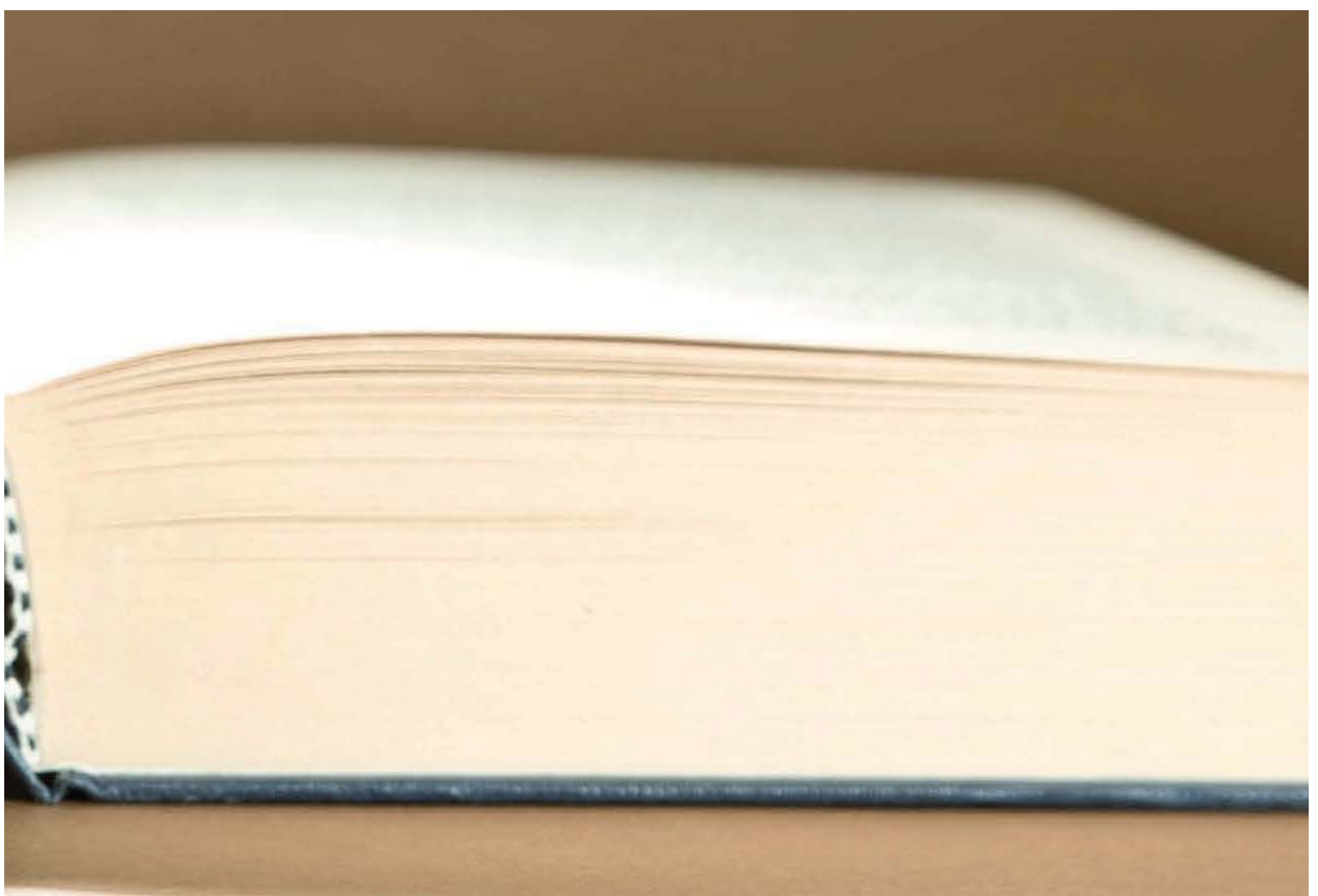




Speed to Market: Increasing Knowledge Velocity

BY GREG LONG AND BUTLER NEWMAN

By combining content generated by both users and subject-matter experts into one company flow, learning professionals can move content through their organizations faster to impact front-line performance.



In his book *What the CEO Wants You to Know*, senior executive advisor Ram Charan describes inventory velocity as “raw materials moving through a factory and becoming finished products, [then] moving off the shelf to the customer.” The number of times that raw material can be “turned” is a measure of the velocity of a business. Business leaders understand velocity and its impact on the health of the business. When they evaluate initiatives — budget requests or anything else that demands capital and attention — one of the primary filters is impact on key financial measures like velocity.

In learning, the parallel measure to inventory velocity is knowledge velocity.

Think of knowledge and associated learning like raw materials. Just like raw material moves through the business processes and gets shipped to a customer in the form of finished goods, knowledge must move through the organization to impact its front-line performance. The challenge for today’s CLO is how fast that knowledge can be moved or turned over. In other words, how rapidly can knowledge and its associated learning be refreshed and moved out to the end user: the learner?

CLOs may shy away from addressing the issues associated with knowledge velocity, which can be one

of the hardest challenges learning and development professionals face. Instead, they may focus on easier targets, such as strategic issues like leadership development or tactical issues like new employee orientation or personal development.

However, perhaps the most pressing strategic learning need facing businesses today is managing the cycle time and refresh rate of the knowledge needed by front-line performers. Learning organizations must rise to the challenge of creating and maintaining knowledge velocity. Solving this problem will distinguish top CLOs from their peers.

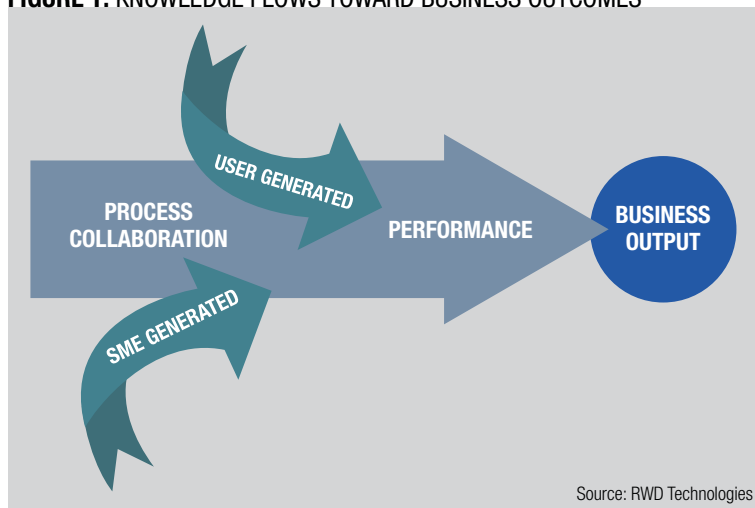
Learning Performed Per Unit Time = Speed

Inventory velocity is measured by the number of times inventory is turned over or sold in a given time period. Similarly, knowledge velocity is the refresh rate of knowledge in the organization over a given time period.

It’s believed that the half-life of specialized knowledge is about two years. In other words, in just two years, half of all the knowledge available in a specialized discipline is obsolete. Using that measure, in 10 years, only about 3 percent of a new engineer’s retained knowledge has current value.

That maxim is too optimistic for today’s business

FIGURE 1: KNOWLEDGE FLOWS TOWARD BUSINESS OUTCOMES



environment.

While the half-life of knowledge is shortening, the amount of available knowledge is exploding. A simple Web search of any concept or phrase routinely returns thousands of results. Myriad companies now offer courses to help people improve their ability to conduct information searches on the Web. The process of searching for information has become as complicated as using the information once found. Simply sorting through the list of courses designed to help with information searching is daunting.

For example, in the medical profession, a search of clinical trials through www.clinicaltrials.gov returns more than 8,400 clinical trials listed in just the first six months of 2010. This presents an insurmountable challenge for a physician trying to stay abreast of the latest treatment guidelines. Who would blame a physician for either sticking with what has worked in the past or waiting for a broad consensus to develop rather than sifting through all the new studies to uncover new options?

To compound the issue for businesses today, an overriding concern is the proprietary nature of knowledge that fuels decisions and actions. This is the knowledge that creates and drives competitive advantage. For this knowledge, the half-life is decreasing rapidly, the amount is increasing dramatically, and the consequences to the business of not staying current are direr than ever before. Staying current determines if a business will stay abreast of market conditions, keep up with rapidly changing competitor moves or simply fade into the pack as an also-ran or worse.

Lessons From Circuit City

Consider the relatively simple but powerful example of the failure to maintain knowledge velocity at Circuit City.

In 2007, in a series of cost-cutting moves, Circuit City laid off its most expensive salespeople. Of course, these were also its most experienced people. This had the unintended consequence of draining knowledge from the front line of the business just prior to an unexpected major shift in consumer buying trends. Media technology grew more complex, the choices became more varied, and customers needed more help to navigate the various choices available. It was no longer a simple matter of selecting a price point along a given technology path. Now customers had to choose from multiple technologies, of which some would survive and some wouldn't. Customers wanted more guidance as part of their buying decision.

As that buying process changed, other competitors responded and either simplified the buying process or emphasized their ability to guide customers through the decision-making process. Circuit City, now without its experienced front-line knowledge base, failed to adequately respond to either the customer needs or the competitor moves. Had Circuit City put in place a process for creating and maintaining knowledge velocity with its remaining sales force, it might have survived the loss of experience and successfully navigated the rapid shift in the marketplace.

Knowledge Flow

Today, knowledge flow in business should emanate from three sources:

- User-generated content (pull).
- Subject-matter expert (SME) content (push).
- Collaboration among performers and process owners (collaboration).

As depicted in Figure 1, each of these flows is vital to business success and demands careful attention.

In most situations, front-line employees are in the best position to diagnose their own knowledge needs. This diagnosis should feed a process to harness user-generated content. For too long, the power of this diagnosis has been ignored by organizations that believed front-line employees simply needed to be tightly managed in order to optimize their performance. The prevailing belief that management knew best and that front-line employees just needed to be told what to do and when to do it only led to frustration and increased disenfranchisement. The eventual result was a significant backlash, as evidenced by organizations beginning to encourage individuals to focus on themselves, not the company. CLOs need to embrace mechanisms to tap into and foster this focus in order to leverage user-generated content to the benefit of the business.

User-generated content, while necessary, is not sufficient. The rapidly changing regulatory environment, competitor moves and strategic imperatives

all dictate that SME-generated knowledge remain a major knowledge flow. While front-line employees are in the perfect spot to discern what they need now — i.e., optimizing — they are ill-equipped to know what changes might be coming — i.e., transforming. For example, how can employees know about an impending new product release if they aren't informed by the organization? The details about the new product must be continually fed from the organization to the front line in a manner that is easily developed and consumed — presented at the right time, in the right format and in a manner that matches the mental model of the performer. This cannot be spontaneously created by front-line individuals at the time of need.

Similarly, the increasing need for collaboration on business processes demands a separate knowledge flow. In times past, processes were fairly static, and so the challenge was simply educating people on how to perform their discrete tasks within the overall process flow. Today, processes rapidly morph, creating the need to continually educate performers while also providing a channel for performers to provide feedback to the process owner. This new dynamic of process collaboration is an area receiving too little focus. Leading organizations are intentional about developing two-way conduits between performers and processes. Processes must serve as storehouses of knowledge to be accessed by performers; performers also must be routinely tapped for process improvements. When knowledge flows in both directions, processes are rapidly adaptable to changing business dynamics.

Knowledge Cycle Time

In selling physical goods, the key to increasing inventory turns is to reduce the cycle time from raw goods to consumer. In learning, the key to increasing knowledge velocity is to reduce the cycle time from need identification to consumption.

In his book *The Goal*, Israeli physicist turned business management consultant Eliyahu Goldratt suggests identifying the bottleneck of any process to improve throughput for a manufacturing organization and naming this bottleneck Herbie — a name drawn from an allegory Goldratt describes of a group of boys on a hike, the slowest boy being Herbie.

For the knowledge cycle, identifying Herbie means eliminating the middle pieces that hamper knowledge velocity. By systematically identifying and eliminating bottlenecks, the CLO will reduce cycle time and improve their organization's knowledge velocity.

Finding Herbie

So how do you begin the journey to increase the velocity of the proprietary knowledge flowing through your

organization? Like many things, the answer is to start small. Start with a pilot that follows three key principles:

1. Keep it simple. For SMEs to embrace a process of creating knowledge for direct dissemination, the method they use has to be simple and straightforward. The demand on their time is already overwhelming. If this looks like “just one more thing” then most SMEs will resist the notion of direct contribution. Avoid this by spending the time upfront to design a simple yet robust process to guide them in their content creation efforts.

Think of knowledge and associated learning like raw materials.

2. Keep it creative. For user-generated content, the key to success is to keep it creative. Many in the workplace will show no interest in contributing to the greater body of proprietary knowledge within your company. For those who do, however, the secret to success for them and for the organization is to foster their strong desire to be creative, to experiment on new approaches and to put their personal stamp on the company knowledge base. In a way, the process for fostering the creation of end-user content is the opposite of the simple and standardized system required for SMEs. These dissimilar processes must co-exist.

3. Keep it focused. Context is king. And, in most companies, the work process defines context, whether it is a formal process or an informal one. So, regardless of whether you are pushing out SME-generated content or encouraging the pull of user-generated content, keep them focused on the work process, for it is in the details of specific processes that the true power of proprietary knowledge is created.

Make the first pilot a success by following these three principles. Then duplicate the pilot in multiple areas of the business. With each successful pilot, you will increase the velocity by which knowledge is turned over within your organization and improve a critical parameter to make your business stand out. [CLO](#)

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