

The need for Knowledge Management¹ as a response to the Public Sector cuts



White paper

The public sector in the UK is facing its most serious funding crisis ever. As a response to the global financial crisis, the conservative/liberal democrat coalition government is introducing a big programme of spending cuts. The government in 2010 announced a net spending cut of £5.7bn, a headline grabbing figure and while less than 1% of total government spending, still big enough to require any public sector bodies to rethink their approach.

In many ways these cuts mirror what happened in the private sector last year and the year before, when the recession caused many private sector businesses to radically rethink their future and their way of working. As in the private sector then, so now in the public sector many organisations will disappear, their roles transferring to others, and there will be huge memory loss as thousands leave their jobs. So what can the public sector learn from the private sector response to the recession cuts in its response to the public sector reforms being introduced to deliver the spending cuts? In particular, how can knowledge management help the public sector to transform these cuts from a challenge into an opportunity?

This white paper explores the question, introducing three lessons from the private sector;

- The need to view such public sector reforms as an opportunity to refocus on “core business”,
- The need to take a competence-centred view of the transition, and
- The need to transform to networked organization

We will look at these three lessons in more detail.

The need to Focus

Successful private sector companies use a recession as an opportunity to rethink their business. They cut away all peripheral activity, and focus not only on current core business, but what they think their future core business should be. A financial squeeze is no time to be doing the unnecessary, nor to be doing things that will not

¹ “Knowledge Management” here means a systematic and rigorous approach to retaining, developing and applying the “know-how” of the public sector. It is not used here as a synonym for content management or information management, but incorporates communities of practice, learning from experience, and knowledge retention and transfer.

yield success in the future. Successful organizations **cut** all peripheral work, and **invest** in their vision for the future.

So how is this future focus developed? It is tempting to drive it top-down - for the senior staff in an organization to decide the areas of future focus, and then to try to engage staff in making it happen. More effective is to tap into the knowledge of the entire organization in developing the future vision. The staff often knows more about where cuts and improvements can be made than the leadership, and often have a better idea of what work is delivering value, and what can be shelved. And by involving all staff in the process of reinventing the company, you start from a higher level of buy-in. The government has set up a web site for anyone to submit ideas², but within the organisations this search for focus must be more proactive, more structured, and more inclusive.

EcoPetrol, the Colombian state oil company, recently took this multi-level consultative approach in developing its new strategy, conducting a World Café with 200 staff, including the chief executive, working in a series of small-group discussions³.

Similarly Texas Commerce Bank held focus groups with thousands of its employees to identify wasteful processes. Using the feedback, the company nearly doubled its \$50 million cost-savings goal⁴.

Any strategic focus will benefit from tapping the wisdom of all staff. We would recommend that any public sector organization looking to reduce costs and to re-focus on core delivery should tap into the wisdom of its staff through a structured, face-to-face consultative process such as World café or Open Space. This engagement needs to happen early in the process. Despite the huge uncertainty that still remains about the nature and location of the cuts, the sooner that the public sector organisations define their core areas of focus, the more prepared they will be to weather the storm.

Taking a competence-centred view

Once the future focus has been decided, then the organization needs to take a competency-based and knowledge-based view of the future. Currently it has the knowledge and competence to deliver the old services, but it needs to move to a set of competencies needed to deliver the new, focused services.

We can think about this competence transition in terms of four areas of knowledge, as shown above, and described below.

Things we need to know in future, but don't know now. This is the future competence which will need to be developed to operate in the new finance-constrained world. Those organisations which come out of recession as leaders tend

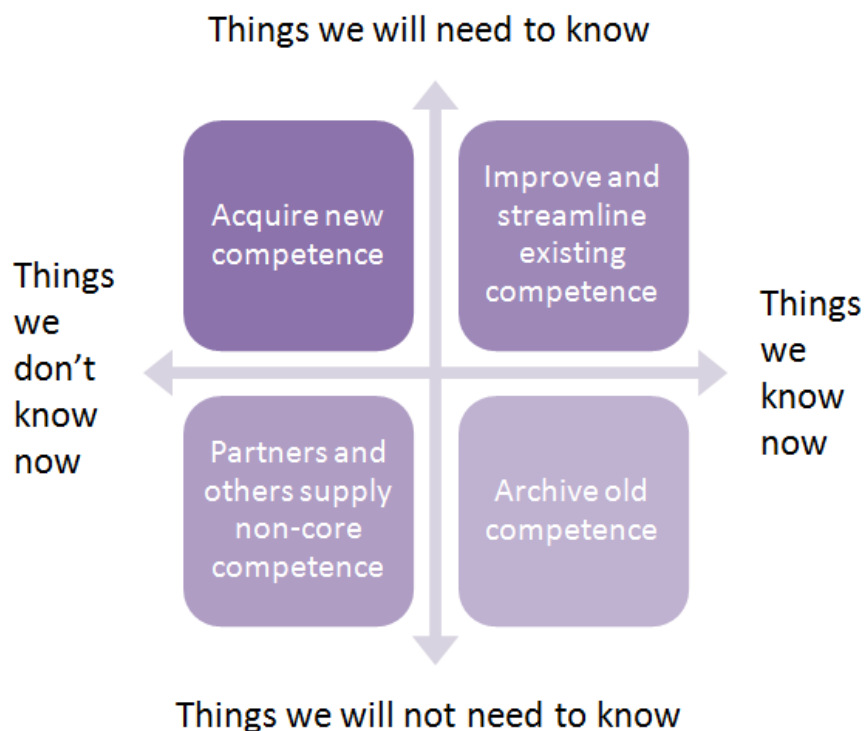
² <http://spendingchallenge.hm-treasury.gov.uk/>

³ <http://www.nancydixonblog.com/2009/07/where-knowledge-management-has-been-and-where-it-is-going-part-three.html>

⁴ http://www.bnet.com/2403-13059_23-208896.html

to be those who invest in new competence. Knowledge Management can help develop new competence through processes such as Action Learning and Communities of Purpose. In many cases, organisations may take over the duties of bodies which have been disbanded, and a careful process of Knowledge Transfer and Knowledge Handover will be needed, to transfer not just the duties, but the know-how to carry out the duties. In the early days of delivering the new service, the remaining or new public sector organisations such as the GP commissioning consortia, school academies and so forth, will need to learn rapidly, with close attention to the lessons learned process; acting on the lessons from the past and capturing their own lessons, both to develop their own performance, and to share with followers.

Things we need to know in future, and already know now. This is current core competence which will be also needed in the future. Here the focus is on improving and streamlining the current competence, reducing inefficiency and waste, and controlling cost. Knowledge Management can help improve efficiencies through processes such as Lessons learned, After Action Review, and Communities of Practice, and through technologies such as Wikis, Portals and networking tools. Any staff reduction in these areas will need to be done very carefully. An excellent example of public-sector Knowledge Management and Lessons Learning can be seen within the Military sector, where considerable attention is paid to delivering the most effective result through learning from all activity.



Things we know now, but will no longer need. These are the competences associated with the peripheral areas of business which we will cut, and may be transferred to other bodies. The knowledge associated with these areas should be

either archived, or packaged and transferred. Knowledge Management can help retain and transfer this knowledge through processes such as Interview, Knowledge Exchange, and through technologies such as Wikis and Portals. These technologies can host knowledge assets for informing future service providers. The approach to knowledge retention and knowledge capture needs to start as early as possible, so that a measured strategy and process is set in place from the beginning. A model can be taken from NASA, where the strategy to capture and document the knowledge from the Constellation program (cancelled by the Obama administration) has started a year in advance of the program closure. Within the UK, many public sector organisations have begun programs of Knowledge Retention as their knowledgeable employees retire.

Things we don't know, and won't need in future. These are areas of non-core competence, delivered by others. These areas are outside the scope of work of the organisation, both now and in the future, but still may impact delivery. . Knowledge Management can help address these areas through the creation of communities of interest along the supply chain, or across government agencies.

Moving to a networked organization

Delivering services in a finance-constrained world will require public sector organizations, like private sector organizations, to eliminate organisational silos and to move to a networked organisation. For many years, private sector companies have been moving to a networked model, as a way of leveraging the benefits of scale, reproducing best practices, eliminating duplication and sharing services. Initiatives such as One Anglo⁵, One BBC, One Rio Tinto, One Unilever, One Mazda, all talk to the elimination of silos and a unification and networking of the organisation.

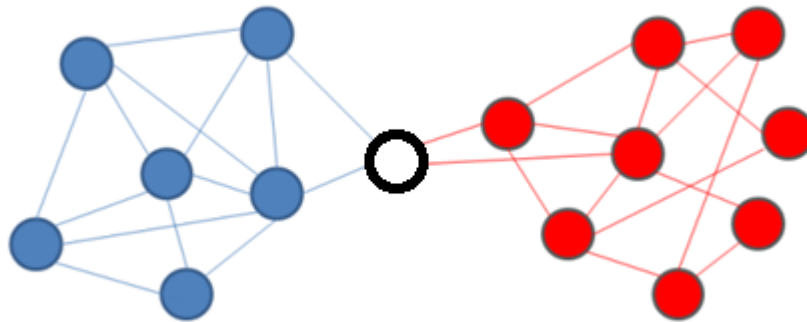
The networked world will be essential to a collaborative approach to delivering the new public sector model. Repetitive rollout of reformed, streamlined and new public services must be underpinned with proactive collaborative working

Knowledge Management is at the core of networking initiatives. Communities of Practice, Communities of Purpose, Communities of Interest and other networks need to be established, launched, and provided with the necessary tools, processes, technology and governance to deliver efficiency improvements and cost savings. These networks need to operate not only within public sector organisations, but between them as well, also including the voluntary organisations that will constitute the “big society”. A “big society” that is not networked will only be a conglomeration of smaller, isolated societies.

A networked view of the organisation needs to be part of your staff retention strategy. In the example below, the person below shown as a white circle is a crucial

⁵ Anglo American

link between two networks, and this bridging role needs to be taken into consideration when deciding which staff to retain.



Much pioneering work has already been done in the public sector by bodies such as the IDEA, and the tools and approaches are already being developed which can deliver effective public sector networking.

The role of Government

Government can influence and support the new “learning and networked” model of public service in four ways.

- Government should challenge new initiatives to demonstrate how they are learning before, during and after as part of their business case process. Learning and Networking needs to become an explicit expectation from the Government, and an essential public sector professional competence.
- Government should recommend and/or provide collaborative and lessons learned IT platforms.
- Government should provide Knowledge Management training, support, guidelines and toolkits. There are already excellent examples within the public sector of applying lessons learned processes, for example the Department of Health Informatics. The Government should take a steering role in ensuring the rest of the public sector learn from existing good learning practice.
- Government should monitor and measure the levels of lesson-learning and networking in public sector organisations, to identify the leading and lagging bodies.

With this clear expectation, technology platform, training, support, and monitoring, Government should be able to ensure that the future public sector continues to deliver an efficient and effective service to the British public.

Summary

A period of financial challenge is a time to rethink the purpose of the organisation, to focus on the competencies of the future, and to move towards a networked organisation. The private sector has shown that Knowledge Management is a key enabler in this transition to a leaner, more efficient and more focused way of working. The public sector, with support from the government, can also use knowledge management to deliver focused, networked and learning approaches in delivery of its key services.

There has never been a more pressing need for improved ways of working in the public sector. Knowledge management is a key tool to enable this. Let's hope everyone driving the reforms has the vision to make it happen and make it stick 'pro bono publico.'

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