

## Leading, Motivating and Supporting the Workforce of the New Knowledge Economy

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### Management Summary

The knowledge economy has arrived — and the fuel of this new economy, the knowledge worker, requires new approaches to management, leadership, support and recruitment.

The past three years have produced tectonic shifts in business models, in the work that people do and in the selection, organization and leadership of people. The new rules and principles under which the knowledge economy operates differ from those of the industrial economy, or even the information economy. Executives and managers that fail to recognize this will quickly — and possibly irrevocably — undermine their success both personally and organizationally.

*Why has a focus on knowledge become so critical to enterprise success?* Because the enterprises that achieve sustained competitive advantage in this new knowledge economy will be those that focus on the effectiveness of their people. The way that businesses grow, the way that organizations evolve and the way that people create value will depend heavily on how quickly and adeptly they assimilate and convert bits of information into relevant knowledge for given situations. Sustained competitive advantage comes from the speed and effectiveness with which organizations sense changes in their environment, drive innovation and learn from their actions. In other words, sustained competitive advantage will come nearly entirely from knowledge workers.

Although technology might deliver competitive advantage, that advantage is momentary at best. Executives must identify and balance types of work, and create opportunities and services to motivate, support and lead knowledge workers. Enterprise leadership, workspaces, systems and applications all must be designed to serve those knowledge workers, not the reverse.

*How can enterprises identify knowledge workers?* This is not an easy question to answer. Ask 10 members of a high-performance e-business team what each of them does, and the answers will differ wildly. As a group, the team is charged with developing an e-business program that best meets stakeholders' specifications. Individually, team members contribute value by tapping their unique intellectual toolboxes — experiences, expertise, intuition, education, skills, know-how, competencies and social networks — and then dynamically and collaboratively applying them to the investigation, analysis, interpretation and actions appropriate to the given context and situation.

In the e-business team, members fulfill their roles in different ways; their roles and performance can neither be prescribed nor pre-engineered; and their success depends nearly entirely on team coordination, collaboration and competence. In other words, the e-business team is an excellent example of new-millennium knowledge work.

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Now comes the big question: *If the team's roles are not fulfilled in a uniform way, if its tasks cannot be prescribed, if team performance cannot be pre-engineered and if success is not assured, then what role do executives and managers play?* In knowledge work organizations, executives and managers have one primary role: to create the culture, values, work environment, tools and galvanizing purpose that drive collaboration, innovation and organizational excellence. Knowledge work shifts the balance away from workers serving the needs of executives and managers and toward executives and managers serving the needs of knowledge workers. Indeed, "servant leadership" is the heart of the management paradigm in knowledge work organizations and is the foundation of truly high performance.

To reach those heights, however, executives and managers face a daunting challenge: They must learn to put their trust in knowledge workers. Not only are knowledge workers the primary sources of expertise and knowledge, but knowledge workers also are in the best position to apply decision-making know-how.

The impact of knowledge work is profound and permanent. In this *Strategic Analysis Report*, we analyze the knowledge work organization and what will be required to understand it, guide it, design it and support it. It begins with a look at the unique attributes of the workers that fuel the new knowledge economy. Next, it examines the new approaches to leadership and learning that enterprises must provide to motivate and support them. Finally, it examines the knowledge workplace and management practices that enterprises must develop to attract and retain these workers, and to unleash their power.

The following Strategic Planning Assumptions are presented in this report:

- In developed nations, 30 percent of the employed population will be involved in innovation-focused knowledge work by 2005, up from 10 percent in 2000 (0.6 probability).
- In 70 percent of knowledge work organizations, enterprise leaders will identify context, communication and orientation as their primary roles by 2004 (0.7 probability).
- By 2005, 60 percent of knowledge workers will use culture as the primary reason for accepting or declining an employment opportunity (0.8 probability).
- By 2005, knowledge workers will be assessed based not only on what they do, but also on how well they forge relationships and tap into new sources of knowledge (0.8 probability).
- Through 2005, enterprises that focus on aptitude alone will fail to attract and develop knowledge workers who can fulfill increasingly complex business requirements (0.8 probability).
- By 2005, knowledge workers will move fluidly among teams, assignments and communities of practice within 70 percent of knowledge-based businesses (0.8 probability).

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# Leading, Motivating and Supporting the Workforce of the New Knowledge Economy

## 1.0 Introduction

Virtually all individuals use some form of knowledge to perform their work. What differs now is the type, frequency and reach of knowledge work. Knowledge work today extends beyond the application of operational know-how and beyond the demonstration of skills. It embraces the collaborative creation, exchange and generation of ideas and revenue-driving innovation.

How do we define knowledge work? Knowledge work entails the creation, transformation, integration and analysis of data, information and knowledge to generate value-added solutions, products and services. People engaged in knowledge work continually use their unique blend of experience, expertise, education, learning and intellect — in other words, their intellectual toolboxes — to generate, refresh and capitalize on new solutions and new opportunities.

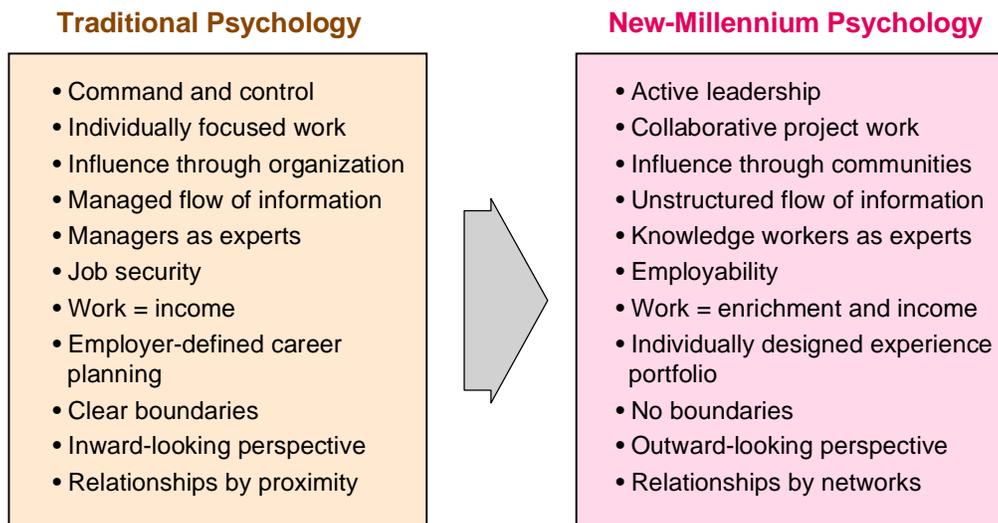
Knowledge workers are people whom enterprises trust enough to make smart decisions within their respective domains. Essentially, they have four basic traits:

- They understand their domain of influence, knowledge, activity and responsibility.
- They define, influence and help shape that domain.
- They understand the people, information and potential resources within that domain.
- They have the authority to act within that domain.

## 1.1 The Challenge of Managing the Knowledge Workforce

Managers historically assumed that if they gave people the right mix of training, education and experiences, those people would be inherently motivated to do their jobs. The knowledge workplace challenges that assumption. Knowledge work travels with the individual, is characterized by dynamic situations, requires collaboration with other knowledge workers, and demands near-instant access to *relevant* information and tools.

Combined with the influx of new business models — and of technologies that erase place, distance and time — knowledge work alters the workforce management landscape. Among the challenges executives face is the shift from command-and-control thinking to leadership and collaboration (see Figure 1).



Source: Gartner Research

**Figure 1. The Changing Psychology of the Workforce**

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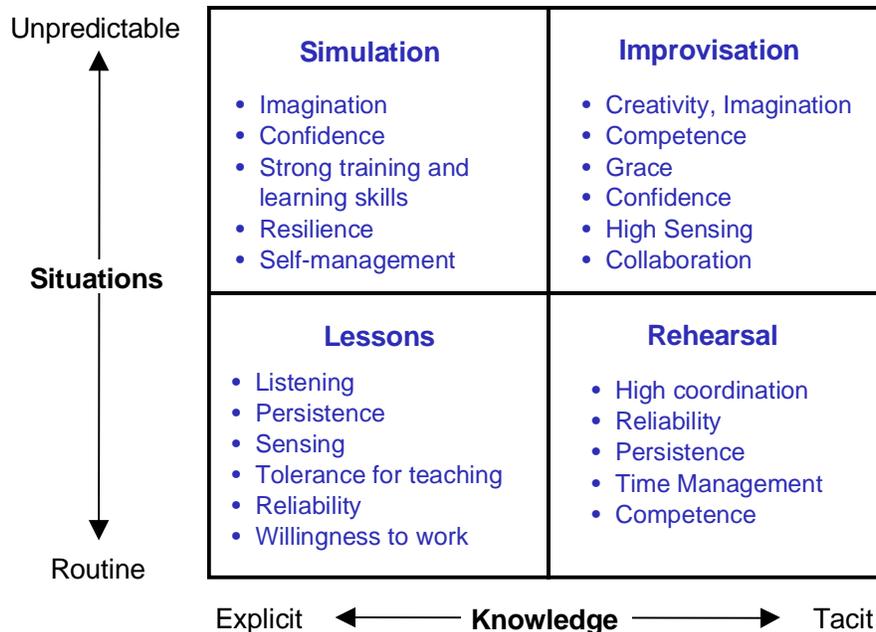
As virtual enterprises, remote workforces and diverse employment models take hold in the knowledge economy, the question of what keeps people together rises in importance. Size usually dilutes purpose and identity, and organizational charts steadily become useless as ways of pulling people together or creating cultural identity. Rather, executives must ask: Given that we have a group of knowledge workers with certain traits, competencies and behaviors, what kind of environment must we build to support and enhance their value contribution?

## 2.0 Identifying Knowledge Workers

*Strategic Planning Assumption: In developed nations, 30 percent of the employed population will be involved in innovation-focused knowledge work by 2005, up from 10 percent in 2000 (0.6 probability).*

Rapid and dynamic change essentially turns organizations that are accustomed to structure and routine into organizations that must improvise solutions quickly, correctly and with grace. The greater the complexity and the more unpredictable the situations within their domain, the greater the workers' dependence on tacit knowledge, creativity and innovative solutions. In fact, virtually every working individual will steadily become some type of knowledge worker

Knowledge work embraces both explicit and tacit knowledge, as well as routine and unpredictable situations (see Figure 2). That said, knowledge workers switch between tacit and explicit knowledge in virtually everything they do.



Source: Gartner Research

**Figure 2. What Characteristics Must Knowledge Workers Possess?**

Now, here's the rub: Knowledge workers regularly seek new situations and learning experiences that will increase their value and render them more employable; it is in their best interests to seek, and excel in, unpredictable situations. Enterprises, on the other hand, must continually strive for operational efficiencies; it is in their best interests to turn unpredictable situations into repeatable processes, routines and templates. Hence the conflict between knowledge workers' need to learn and handle new things and enterprises' need to develop and wring out efficiencies.

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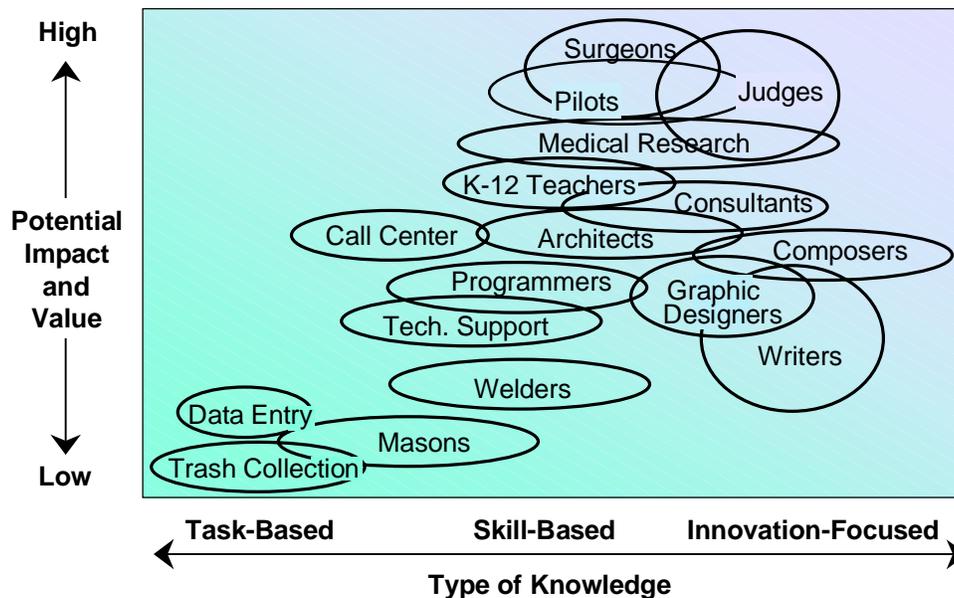
Enterprises *must* strike a balance between operational efficiency and unpredictable creativity, and they must accommodate the differences between people working at the cusp of creation and those who work in more repeatable areas of work. Conflict and turmoil will come to enterprises that attempt either to force all workers to be good at both, or to impose one set of people management and support models on both.

## 2.1 The Knowledge Work Spectrum

Virtually every working individual is some type of knowledge worker. So, how do we distinguish among knowledge workers? The answer lies in the *kind* of knowledge that is being applied or generated, the relevant *scope* of that knowledge, and the potential *impact and value* of that knowledge to the enterprise.

Knowledge work can be viewed through a model that spans three primary applications of knowledge (see Figure 3):

- Task-based knowledge work, which emphasizes operational processes
- Skill-based knowledge work, which emphasizes well-defined and well-prescribed areas of expertise
- Innovation-focused knowledge work, which is primarily unstructured, tacit, highly interpretive and improvisational



Source: Gartner Research

**Figure 3. The Spectrum of Knowledge Work**

Given the appropriate context, leadership and support, individuals and groups move regularly among these three types of knowledge work as the core elements of their roles, occupations and careers evolve.

### 2.1.1 Task-Based Knowledge Work

Task-based knowledge work typically involves explicit operational processes, pre-engineered routines, well-defined responses and administrative activities. Innovation and change occur largely in the way operations and activities are conducted, not necessarily in the nature of the work. Task-based knowledge organizations must define processes explicitly, explain how workers fit into the bigger picture, train workers to use integrated tools and techniques for navigating and improving operations, and formalize ways to share and reframe solutions to perplexing issues.

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For example, many call centers live largely in the realm of task-based knowledge. Here, agents deftly navigate the operational processes required to get questions answered or requests fulfilled, but they do not necessarily understand or answer the questions themselves. As companies adopt customer self-service tools, routine customer service calls move out of the call center. As those calls move out, call center agents now grapple with complex questions that require them to use and generate high-value knowledge. Oddly, many call centers continue to use call volume and speed as measures of success, thereby reducing the opportunity and motivation for agents to introduce innovation or creativity into their work.

## 2.1.2 Skill-Based Knowledge Work

Skill-based knowledge work is characterized by a blend of explicit skills and tacit know-how. It encompasses domains of expertise that are well-defined, well-prescribed, demonstrable, and conducive to hands-on training and apprenticeships. Skill-based knowledge workers contribute value through the speed and proficiency with which they learn and apply new skills, so they want to keep their skills in tune with the market. Organizations that concentrate on skill-based knowledge must design and invest in explicit training programs, identify desired outcomes, chronicle actions and techniques, and create a program for turning tacit knowledge into explicit knowledge.

Many IT practitioners focus on skill-based knowledge, especially in technical support, system administration and basic programming. Organizations that reward or hire people purely for their discrete skills, however, should not expect their IT practitioners to operate as creative knowledge workers. Indeed, as the IT labor market has demonstrated during the past five years, many skill-based workers are uncomfortable with, and ill-equipped for, operating within the realm of innovation-focused work.

## 2.1.3 Innovation-Focused Knowledge Work

Innovation-focused knowledge work is characterized by tacit knowledge, high creativity, intense collaboration, communities of practice, high improvisation and extensive role versatility. Success here depends on knowledge workers' generating appropriate solutions to unique situations, markets or customers. Buoyed by foundation skills and sound operational processes, innovation-based knowledge organizations must provide tools, infrastructure and education that will enable people to find relevant sources of expertise, access relevant information and collaborate effectively with others to generate solutions.

In this arena of knowledge work especially, the workers themselves are the primary engines for innovation and wealth creation, implying that executives and managers must turn their attention to developing an environment that increases opportunities for creating value. Marketing leaders, business managers, architects, analysts, Web artists and judges live largely in the realm of innovative knowledge, which is highly improvisational and highly interpretive. Businesses that force innovation-focused knowledge workers to assume greater administrative and operational tasks will cripple these workers' effectiveness.

## 2.2 Drivers of Superior Knowledge Worker Performance

When knowledge workers are given the tools, support, leadership and motivation appropriate for their particular roles, they are generally effective. The question then becomes: What unleashes their potential for superior performance? Three keys unlock this potential: competencies, collaboration and trust.

- **Competencies:** Individual competencies — behavioral, business and technical — enable knowledge workers not only to excel in whatever role they play, but also to elevate the economic impact and value of their role. Competencies are the traits that characterize superior performance, not only of

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individuals, but also of enterprises. As examples, consider two different work roles: a waiter and an application developer:

- The generic role of waiter sits largely in the realm of task-based knowledge. Yet waiters who infuse their work with individual competencies of flexibility, adaptability and attention to detail will raise the generic role of waiter to new heights and will position themselves personally to take on new classes of knowledge work — say, as restaurateurs.
- The generic role of application developer sits largely in the realm of skill-based knowledge work, with some forays into innovation-based knowledge work. Application developers who are equipped with appropriate training, tools and motivation will perform their roles effectively, but stellar performance will come from their individual competencies. Are they adaptive? Flexible? Team-oriented? Do they understand and appreciate technology integration? Can they put themselves in their customers' shoes?
- **Collaboration:** The most promising innovations occur in the context of team-based collaboration, brainstorming and projects. Collaboration brings two or more people together to exchange ideas, learn concepts and create solutions that are superior to, and more valuable than, those that any one person could create alone. Hence, it is more than cooperation and more than coordination. Collaborative work gathers its strength from diverse opinions, highly charged and empowered people, and an equally strong sense of purpose; it gets its support from strong leaders, well-designed tools and collaborative applications for sharing and capitalizing on knowledge. Executives and managers should concentrate on facilitating, enabling and investing in an environment that encourages collaboration.
- **Trust:** Knowledge workers all have two basic roles: to do the work for which they are responsible and to take action when “normal” processes must be changed. At the heart of those roles is trust — trust in the competence of knowledge workers, and trust in their grasp of situations and what's needed. Most work systems recognize, measure and reward the former role, yet most enterprises vastly underestimate — and hence, undermine — the value and potential power of knowledge workers as innovators. With knowledge work, innovation occurs within the workers' purview, and when faced with changing circumstances or unexpected opportunities, workers must feel they have authority and permission to make decisions without having to get clearance from higher levels of management. Enterprises that do not trust knowledge workers to make decisions on the spot will miss opportunities and inhibit the economic potential of those workers.

Superior performance of knowledge workers emerges not only through individual competencies, but also through collaboration and trust. Executives and managers who downplay or ignore those drivers of superior performance will see organizational performance suffer.

## 2.3 Inhibitors of Superior Knowledge Worker Performance

If individual competencies unleash the potential of knowledge workers, what holds back their potential? Numerous issues will likely inhibit knowledge workers' performance, but two factors in particular — mismatched roles and weak support — will degrade performance.

- **Mismatched Roles:** If the core components of a role are mismatched with an individual's desire or intellectual toolbox, the value and impact of the work will tend to move downward and leftward in the knowledge work spectrum (see Figure 3 in Section 2.1). Assume, for example, that a financial-services company hires a group of top-quality programmers. The programmers want, and are expected, to apply their skills and ingenuity to designing and crafting powerful applications. After the programmers craft the applications, however, the company may assign them indefinitely to

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maintaining the applications, thereby turning the programmers' unstructured knowledge work into routine knowledge work and deflating their enthusiasm. The value and impact of the programmers' knowledge work move leftward and downward. Thus, for the sake of operational efficiency, the financial-services company has created a mismatch between the original work role and the new work role, reducing the programmers' potential. *Enterprises that apply operationally derived efficiency measures to knowledge work will reduce the economic impact and contribution of those workers.*

- **Weak Support:** In addition to mismatched roles, knowledge workers become ineffective when they receive inappropriate or inadequate support in their roles. For example, the surest way to reduce the economic impact and value of innovation-based knowledge workers is to expect them to drive innovation while sifting through e-mail, designing graphics, filling in forms and conducting approval checks. Innovative knowledge workers need the ballast provided by skill-based and task-based knowledge workers and by adequate applications and tools. Smart managers will optimize the value and impact of each type of knowledge work by redesigning and redistributing work and processes so that people can contribute their expertise at the right time and for the right reason. Knowledge work will thus energize different people — each providing his or her own domain of expertise and each fulfilling specific roles — to converge around a unified objective. The value and impact of each role will crystallize through the coordinated contribution of the other roles. *The greater the number of tasks and activities that are irrelevant to the core elements of the knowledge work, the lower the individual's performance potential and the lower the impact and value of the work itself.*

### 3.0 Knowledge Workers and Leadership

*Strategic Planning Assumption: In knowledge work organizations, 70 percent of enterprise leaders will identify context, communication and orientation as their primary roles by 2004 (0.7 probability).*

Knowledge work substantially shifts the traditional perspective of management: Instead of workers serving the needs of executives and managers, the knowledge workplace places executives and managers in the position of advocating for opportunities and visibility for their people. Those “servant-leaders” are one of the primary components of the knowledge work paradigm, and they lay the foundation for high performance.

Executives, managers and other leaders in knowledge work organizations play one primary role: They create the culture, values, work environment, tools and galvanizing purpose that drive collaboration, innovation and organizational excellence. To reach those heights, those leaders face three daunting challenges:

- They must learn to put their trust in knowledge workers. Knowledge workers are at once the chief sources of expertise and in the best position to apply and generate decision-making know-how.
- They can neither prescribe nor assure the success of knowledge workers.
- They must provide knowledge workers with vision, contextual orientation and feedback. Only when knowledge workers have a sense of the larger picture can they direct their actions and make informed decisions.

#### 3.1 Where Knowledge Leaders Come From

Successful enterprise leaders typically come from one of three backgrounds:

- The core business of the enterprise or an enterprise with equivalent processes (which means the leader understands how the business works and how to generate information and knowledge)

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- The same industry sector (when they understand the sector's structure, its processes, and the needs of customers and other stakeholders)
- A previous role where they demonstrated success in the leadership style and tools that the enterprise needs (in which case, they may come from a different sector)

In knowledge- and information-intensive environments, leaders also emerge because they have demonstrated:

- Excellence and inspiration as an acclaimed knowledge expert
- Success as an entrepreneur in generating new ideas — as well as new ways to generate ideas

In knowledge- and information-intensive enterprises, many leaders do not have a background in the content that is the enterprise's core asset. For example, many professional-service enterprises (e.g., legal and accounting firms) and many universities recruit leaders with organizational and inspirational skills, leaving the knowledge experts to concentrate on what they do best. Even when a leader has a background in the core business, he or she must make a transition to focus on leading the enterprise rather than leading the knowledge itself.

Humility is therefore a necessary attribute for knowledge work leaders. Those who are led will often have expertise that is more valuable, and are themselves more renowned, than those who lead.

### 3.2 Four Leadership Imperatives for Knowledge Work Success

Excellent leadership is critical to successful knowledge enterprises, and must be directed to the needs of knowledge environments. Leaders in knowledge work environments, and those selecting such leaders, must focus on four key areas:

- Shared purpose
- Knowledge culture
- Tools and processes
- Aligned objectives

Each of these areas is addressed in the following four leadership imperatives for knowledge work success. Failure to address these areas will seriously diminish the value of the enterprise, because its chief knowledge assets will fail to develop or fail to reach its clients.

- **Shared Purpose:** *Articulate a shared purpose linked to customer and stakeholder value, and create a road map to get there.* Many knowledge-intensive enterprises have found it valuable to create an information strategy as a foundation of their strategic-planning activities and to focus the enterprise's knowledge purpose. This strategy integrates IT and business planning to focus on the enterprise's core information assets. In some enterprises, it is owned by the CIO; in others, the CIO and the chief knowledge officer work closely on a common agenda. The goal is to make explicit all the ways in which information is acquired, created, stored, used, communicated and traded. It then becomes more obvious what processes (IT and others) are needed, and where the priorities for change and investment lie.
- **Knowledge Culture:** *Create an enterprise culture that facilitates and celebrates creativity, learning, sharing of ideas and mutual respect for diverse views, and that is founded on trust.* Effective knowledge work cultures are founded on trust and mutual respect. Variant views are among the most

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powerful stimuli of new ideas and the most powerful catalysts for strengthening existing positions. Knowledge and information are only truly valuable to the enterprise when they are shared and used. Unfortunately, many people have learned to use knowledge as a competitive weapon in their personal searches for success and power. These behaviors are barriers to successful knowledge environments and a common cause of poor performance of knowledge enterprises. Leaders must therefore actively discourage them.

- **Tools and Processes:** *Provide tools and processes to support the creation, capture, delivery and reuse of information, ideas and knowledge.* Leaders in successful knowledge work environments ensure that the enterprise's processes and tools are aligned with the knowledge objectives and with the culture they have defined. These processes and tools include most IT and human-resource systems, as well as tools for codifying, storing, accessing and delivering knowledge and information content. Effective communication is key. In addition, enterprise leaders must identify, declare, create and maintain processes and structures that encourage "thinking time" and make it productive. They also need to establish tools and support structures to minimize administrative load on knowledge workers.
- **Aligned Objectives:** *Ensure that individual objectives are aligned with team work objectives, and with the enterprise's knowledge and information imperatives.* Many enterprises make the mistake of seeking to establish a knowledge environment and team goals while leaving in place personal and team objectives that contradict them. When leaders focus most of their time and communication on administrative bureaucracy, they send a powerful and undesirable message to the enterprise's staff that internal processes are more important than knowledge assets and clients. In knowledge workplaces, which are often composed of virtual teams, conflict between personal, team and knowledge objectives can be particularly damaging. Enterprise leaders must ensure that objectives and rewards for individuals and teams are aligned with the imperative to manipulate, create and exploit knowledge. They must also motivate and align all levels of management to understand and promulgate these concepts.

### 4.0 Knowledge Workers and Learning

If executives were asked to describe their enterprise's approach to learning, some of them would point to rising training budgets and others would describe their massive investments in collaboration systems. However, in the knowledge workplace, learning cannot be described merely in terms of technology investments and courseware.

Because knowledge workers rely on their own skills and experiences as well as organizational settings and resources, learning in the knowledge workplace is not about delivering static information to individuals. In the knowledge workplace, learning is a way of being that is buoyed by curiosity, a willingness to experiment and a desire to be intellectually engaged. Learning encompasses the culture, values, knowledge and experiences of the enterprise. In the knowledge workplace, learning assumes that overall performance can improve if people work together, share best practices and learn from each other.

Therefore, learning in the knowledge workplace is not about deluging workers with more information. Rather, it is about helping them to eliminate rework and tap into others' knowledge. The key to accomplishing this is to transform the enterprise into a "learning organization," creating an environment — and providing systems and settings — that fosters learning not only at the individual level, but also at the organizational level.

## 4.1 Challenges to Becoming a Learning Organization

The biggest challenges to transforming an enterprise into a learning organization are not technical; they are organizational and cultural. Getting to a point where teams of individuals collectively learn and are able to make better business decisions requires the shattering of many widely held beliefs on the part of individuals and the shift of corporate culture. For example, one widely held idea that thwarts learning is the idea that an organization's "smarts" live at the top of the organizational chart, and that managers' ideas are inherently more valid than those of the individuals on the front line. On a related note, a learning organization requires role models in its leaders and managers. Learning at the grass-roots level without learning in the management ranks will yield frustration and reduce potential business value.

At the individual level, workers often believe that it is not in their best interests to share ideas and knowledge because they are ultimately competing with their colleagues for pay raises, bonuses and promotions. Another obstacle to group learning is the geographical distribution of people — in other words, teams are not co-located. Productivity tools, such as e-mail and voice mail, make it possible to avoid face-to-face communication almost entirely. Therefore, enterprises not only must invest in collaboration tools to support team learning, but also must invest in bringing people together frequently (or at least giving them that opportunity) if they wish to inspire group learning.

## 4.2 Does Your Enterprise Culture Foster a Learning Organization?

If enterprises are serious about building a culture that fosters learning, they must consider the following questions and make changes where appropriate:

- *Have we explicitly assigned a department with the responsibility for learning development and process improvement?* If not, consider doing so. This department can create an intranet database where individuals can search for best practices, lessons learned and template information on similar endeavors.
- *Do people feel they can make mistakes without being reprimanded?* Mistakes are part of the learning process and should be viewed as such. Publicly discussing lessons learned is a way of creating an atmosphere where people feel they are allowed to fumble.
- *Are we too risk-averse to foster learning?* A learning organization implies a tolerance for risk, if not a readiness to accept and learn from it. To determine how risk-averse an enterprise is, consider whether it allows individuals to suggest new processes and methods of performing tasks. Does it encourage learning experiences outside the enterprise? Do managers employ a command-and-control leadership style, which inhibits suggestions from staff members? Are people who present unconventional ideas publicly "shot down" or ignored?
- *Is our organization, division or team able to step outside of day-to-day operations to assess what is working and what is not?* This is a critical exercise if an enterprise is to reap the benefits of learning. One way to do this is to have project teams conduct "lessons learned" sessions to avoid reliving mistakes.
- *Do our people face fierce internal competition for status, rewards, pay, bonuses and promotions?* This kind of competition can easily undermine cooperative behavior and derail enterprise goals. Especially troublesome are zero-sum compensation or bonus plans where one worker's gain is another worker's loss. Consider augmenting compensation and reward systems with team-based rewards, and ensure that individuals do not feel they are competing for their piece of the pie.

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- *Are performance metrics overly complex? Do they focus on results that are counterproductive to a learning organization (e.g., short-term profits)?* The old adage “you get what you measure” is true. Learning organizations reward individuals for sharing information, team effectiveness and good ideas that save time and money.
- *Do we equip people with systems to help them build and apply their knowledge, and share it with others in the enterprise?* While technology is only an enabler of learning, it is important. Consider how the enterprise can connect people to people and people to information.

Even enterprises that do all of the things described above will have to battle against individuals' fear of failing, general distrust for new ways of doing things, and the tendency to fall back on traditional actions when faced with new problems. Organizational learning is itself a learned behavior, which takes time and effort to develop.

### 5.0 Knowledge Workers and the Supporting Environment

For executives and managers, developing the environment that will best support knowledge workers starts with the following key question: Given that we have a group of knowledge workers with certain traits, competencies and behaviors, what kind of environment must we build to support and enhance their value contribution?

Designing the knowledge workplace that addresses that question requires a solid understanding of its focal point — the knowledge worker. The knowledge worker thrives in an environment of strong culture, well-woven knowledge and social networks, professional opportunities and experiences, effective assessment of performance, and appropriate tools and technologies,

#### 5.1 Enterprise Culture

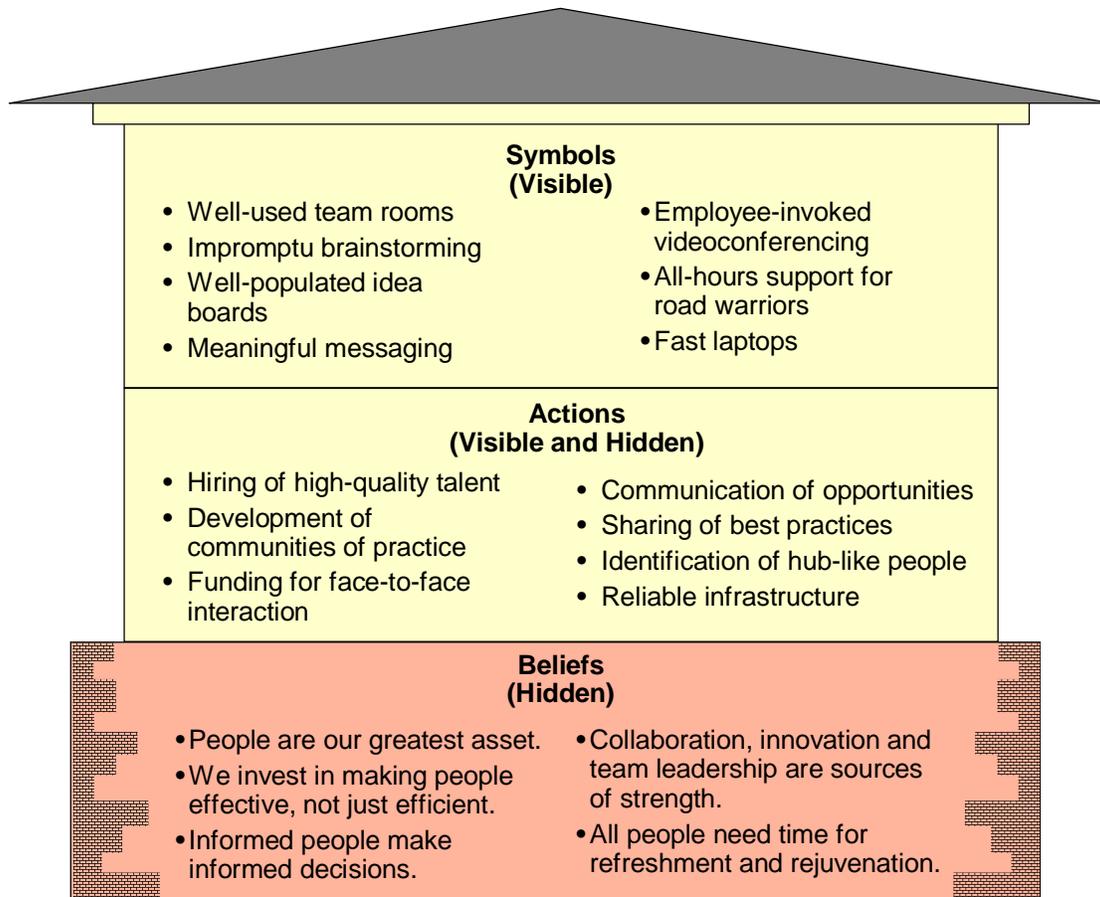
*Strategic Planning Assumption: By 2005, 60 percent of knowledge workers will use culture as the primary reason for accepting or declining an employment opportunity (0.8 probability).*

Of all the factors that might attract knowledge workers to employers, culture is the most elusive and arguably the most important. It represents the values and lenses through which enterprises view people, customers, opportunities and decisions. It answers the questions “Who are we?” and “How do we do things here?”

Culture is made up of beliefs, actions and symbols (see Figure 4). Beliefs form the invisible foundation; actions are partially visible and partially hidden; and symbols are visible. Enterprises that paint themselves as preferred employers should acknowledge the conflicting symbols that emerge when they escort potential candidates through dim, poorly lit offices, or when their workplaces look more empty than alive.

The belief system of knowledge work — including esteem in the individual, servant leadership, employability and collaboration — cannot be developed painlessly or quickly. Typically, it emerges after a catalytic event (usually a business threat), and it must be matched by equally fundamental changes in rewards and incentives. Equally often, the belief system demands the replacement of executives who perpetuate the original culture, which no longer permits growth.

Enterprises should take a hard look at beliefs, actions and symbols. Does the reality of the enterprise's culture attract or repel knowledge workers?



Source: Gartner Research

**Figure 4. Does Your Culture Support Knowledge Workers?**

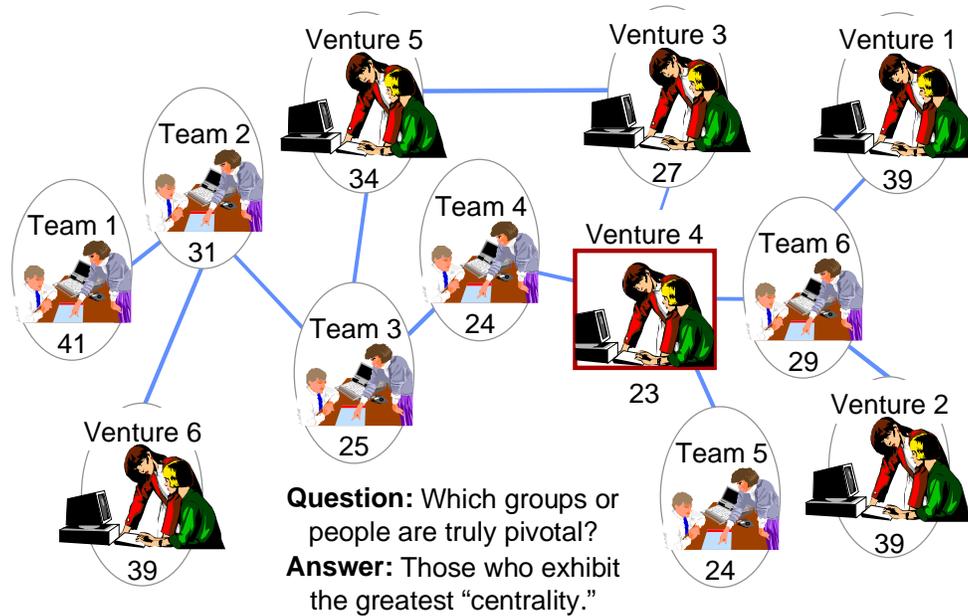
## 5.2 Well-Woven Social and Knowledge Networks

*Strategic Planning Assumption: By 2005, knowledge workers will be assessed based not only on what they do, but also on how well they forge relationships and tap into new sources of knowledge (0.8 probability).*

In the past, people were deemed pivotal because they had exotic knowledge that no one else had, they possessed a certain unique skill, or they held the history of an application in their head. During the next decade, people will be deemed pivotal because they serve as hub-like centers of perspective, relationships and tacit knowledge within crucial human networks. In effect, they will form the connective tissue within and among teams and organizations.

Hub-like knowledge workers exhibit a high degree of “centrality,” a concept introduced in the Harvard Business Review. Centrality indicates how directly or indirectly people connect to other parties, and it serves as a powerful means of identifying how, and with whom, to build alliances.

For example, in the network of 12 teams and ventures shown below (see Figure 5), people within Venture 4 exhibit the greatest centrality because they need only 23 steps to reach all parties in that network. In contrast, Team 1 needs 41 steps and hence exhibits the least centrality. Other teams and ventures would be better served if they tapped into the people and knowledge bases in Venture 4 rather than those in Team 1.



Source: Gartner Research

**Figure 5. The Use of Centrality in Knowledge Worker Assessment**

What makes the centrality model appropriate for knowledge-centric enterprises and business activities? First, the number of hub-like members in knowledge and social networks can be virtually infinite. Second, parties exhibiting high centrality serve as catalysts and stimulators of new perspectives, relationships and ideas within and between enterprises. Third, when centrality is infused into the assembly of teams or the launching of new initiatives and businesses, it enables groups, enterprises and people to brainstorm and exchange ideas — thereby capitalizing on the shared knowledge, learning, experiences and competencies of people inside and outside the enterprise.

In the knowledge economy, enterprises must focus on building and attracting people, groups and alliances that strengthen and extend their ideas, services and products through knowledge and social networks. Enterprises that thrive on collaboration, tacit knowledge, quick response and rapid information flow should pay close attention to centrality, and — for complex assignments that involve tacit knowledge — they should use it as a guide to building project teams, recruiting candidates, selecting strategic partners and defining roles and responsibilities.

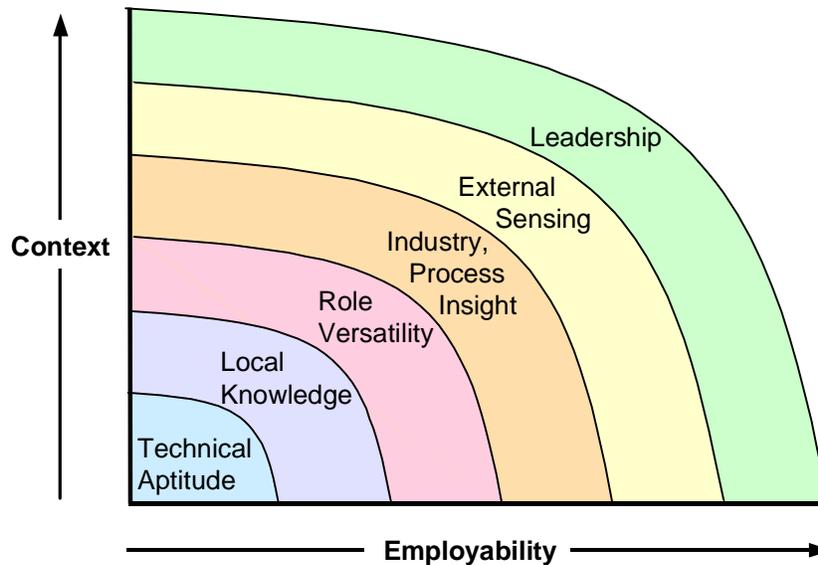
### 5.3 Professional Opportunities and Experiences

*Strategic Planning Assumptions:*

- *Through 2005, enterprises that focus on aptitude alone will fail to attract and develop knowledge workers who can fulfill increasingly complex business requirements (0.8 probability).*
- *By 2005, knowledge workers will move fluidly among teams, assignments and communities of practice within 70 percent of knowledge-based businesses (0.8 probability).*

IT professionals and business professionals — virtually all knowledge work professionals — have a vested interest not only in keeping in tune with the industry, but also in staying several steps ahead of the experience and skill curve. They fear “jobsolescence,” a situation in which the value and application of skills and knowledge drop dramatically. To counter jobsolescence, knowledge workers pursue “employability” (see Figure 6).

## Leading, Motivating and Supporting the Workforce of the New Knowledge Economy



Source: Gartner Research

**Figure 6. Knowledge Workers Pursue “Employability”**

Employability implies that workers will be sufficiently equipped — through experiences, roles, training, education and technology usage — to find work in other companies should some shakeup occur in their enterprise. Although some professions and occupations focus narrowly on technical aptitude (IT’s focus on technical skills being a notable example), employability comes by building layer on layer of context — aptitude, knowledge, roles, insight, sensing and leadership. Historically, many enterprises hired and developed people from aptitude outward. The next decade will see a shift toward hiring and developing people from leadership inward.

How does employability affect employers? Knowledge workers seek work that opens new opportunities, rather than shuts down opportunities. They will weed out uninteresting work and uninteresting employers. Employers must attract and retain people with a different model. To increase the perception of employability, enterprises must create a work environment in which learning, external sensing, new roles and diverse opportunities are rewarded and well-managed.

Accompanying the pursuit of employability is the concept of the “experience portfolio.” Because knowledge work depends on continuous learning, new-millennium professionals will continually strengthen and expand their professional portfolios, seeking new roles, projects, peers and experiences to place within that portfolio. If and when they choose to work with certain enterprises, they will do so largely because the relationship enriches or complements their “experience portfolio.” Knowledge work, especially in high-education economies, will force enterprises to compete for top professionals by inventively and aggressively offering experiences and opportunities. Skill-based work will not go away; it will likely migrate to shared-service organizations, external services providers or even other countries.

What is an experience portfolio for knowledge workers? Just as graphic designers, writers and photographers assemble a portfolio of their best work, knowledge workers assemble a metaphorical portfolio of their best experiences.

Consider the development of one experience portfolio: A 27-year-old woman accepts a job as database administrator (Experience 1). She gets trained in Oracle, either on her own or through her employer (Experience 2). Because she is now an Oracle database administrator, she is drafted into a data-warehousing implementation team within her enterprise (Experience 3). Ten months later, she is

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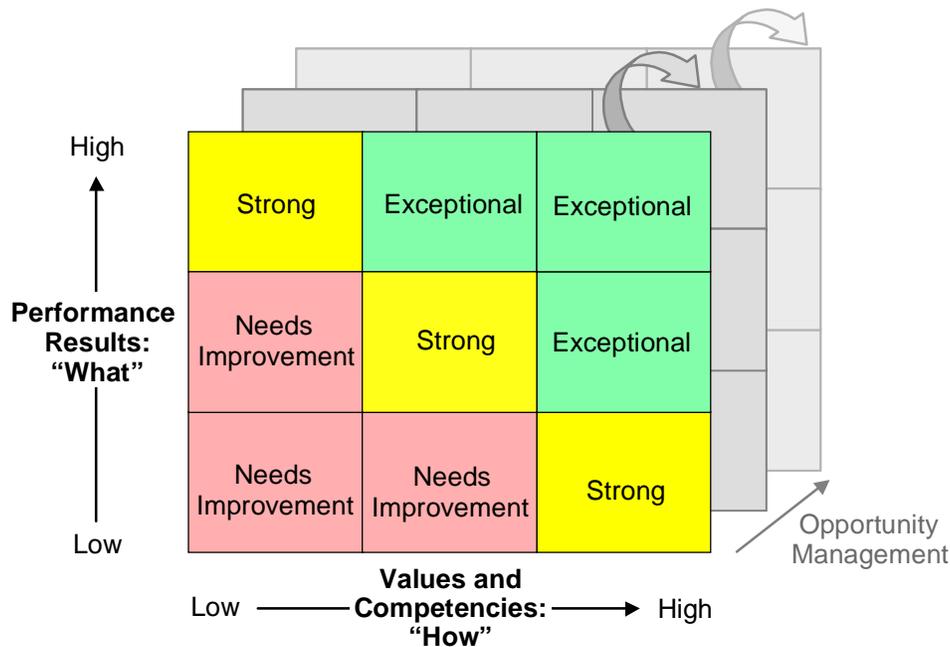
promoted to project leader (Experience 4). A consulting company, hearing about her contribution to the data-warehousing team, recruits her into its growing data-warehousing practice area (Experience 5). She now moves regularly among teams, learning both the consulting business (Experience 6) and the processes and data management requirements in different industries (Experience 7).

To build experience portfolios, knowledge workers will cease depending on management-defined career ladders and will instead use their colleagues, peers and outside associates to identify promising projects and opportunities. That shift presents major challenges for enterprises. For one thing, intellectual stimulation and interesting projects seldom emerge from centralized and hierarchical corporate cultures, which tend to limit creative inclusion and slow organizational learning. For another, the traditional management focus on people's individual efforts and objectives reduces competitive speed.

Managers, quite frankly, will have little input into where, how and with whom knowledge workers spend their time. Their role will focus more on facilitating their movement and encouraging the best behavior for both the knowledge workers and the enterprise.

## 5.4 Effective Assessment of Performance

Think about the changing business environment as a giant repertory company, with projects and initiatives as the latest productions and knowledge workers as the rotating actors. Business executives will cast talented people who can move easily between productions, who will enrich the work of others, and who will meaningfully convey the overall message to their respective audiences.



Source: Gartner Research

**Figure 7. Assessing Knowledge Workers by What They Do and How They Do It**

To design a knowledge workforce for agility, enterprises must define not only the "what" of job roles (i.e., tasks and activities) but also the "how" (see Figure 7). In other words, they must identify organizational and individual competencies, behaviors and values. These might include adaptability, negotiation, ethical behavior, flexibility, team effort, relationship building and leadership. Equally notably, knowledge workers must exhibit an array of self-support disciplines, including personal knowledge management, strategies for

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achieving personal results, focus and goal identification, bringing balance to daily agendas, time management, priority management, self-awareness and networking (see *Research Note* SPA-13-1794, “Revenge of the Soft Skills”).

Only by using work roles that define scope and interactions — as opposed to job descriptions that define tasks — can enterprises build agile knowledge workforces that juggle ambiguity, complexity and change. For example, an assessment program that weights people’s performance by results and values serves not only as an evaluation tool for knowledge workers, but also as a development plan that employees and managers codevelop, and as a succession plan. Those people who deliver results while exhibiting the desired competencies and values are considered exceptional and are ready to be elevated in rank and scope.

### 5.5 Tools and Technologies

The surest way to reduce the impact and the value of knowledge work is to expect workers to display ingenuity while spending their time sifting through e-mails, designing presentations and conducting approval checks. If enterprises agree with the concept that work will be person-centric and not place-centric, they will focus on what they can affect and influence — in other words, they will focus on the experience and the relationship that employees have with the enterprise and with the work they do. Much of this experience and relationship is shaped by the extent to which knowledge workers have the tools and technology to support their respective roles.

Tools and technologies that *enhance* knowledge worker performance include:

- Knowledge maps
- Personal agents
- Corporate intranets
- Collaborative applications
- Videoconferencing
- Integrated travel tools
- High-speed network connections

Conversely, tool and technology factors that *degrade* knowledge worker performance include:

- Information overflow
- Technology saturation
- Disparate support tools
- Inconsistent user interfaces
- Clumsy travel systems
- Thin support staff
- Unmanaged e-mail

It is important for enterprises to strike a balance between tools that improve operational efficiency and those that enhance people’s performance. Too heavy a focus on efficiency will undermine knowledge

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workers' economic contribution — hence, the friction we alluded to between operational efficiency and knowledge worker effectiveness (see Section 2.0).

Consider, for example, self-serve tools. Although many enterprises position self-serve tools as powerful ways to meet knowledge workers' requirements, often these tools do little more than offload service transactions to knowledge workers. Tools that remove transactions from the service department may eliminate people and overhead in one area, but they have a high cost elsewhere in terms of knowledge workers' lost time, effectiveness and morale.

Leading-edge enterprises will infuse their workplaces with potent new thinking that creates the necessary synergy among people, systems and settings. Physical work environments will embrace team-based work areas, impromptu huddle rooms, quiet rooms, satellite offices and just-in-time business facilities for “road warriors.” Complementing that flexibility, these enterprises will encourage scheduling flexibility through employee-set work hours, videoconferencing, collaborative applications, work-at-home arrangements, frequent off-sites, information resource centers, and facilities that stimulate social interaction and “de-stressing.”

### 6.0 Knowledge Workers and the Enterprise Quest for Talent

Knowledge work introduces substantial discontinuity into enterprises' quest for talent:

- Knowledge work challenges the validity and comparability of job descriptions. Whereas skill-based jobs might yield a reasonably safe assumption of comparable work, knowledge work depends on the lack of comparability. The notions of parity and internal salary equity go away when knowledge workers' roles, and the work they engage in, all are different.
- Knowledge work shifts the value proposition from job security to quid pro quo. In the quest for talent, employers will attract people not through brand equity or enterprise reputation (unless that reputation is for creating exciting developmental opportunities), but rather through the kinds of experiences, opportunities, projects and apprenticeships they offer.
- Knowledge work relies on “connective tissue” inside and outside enterprises. Because knowledge gets richer when it passes from person to person, the selection of people for knowledge-based work must focus as much on generating knowledge and cultivating relationships as on achieving results or demonstrating skills. Enterprises build connective tissue through leadership, communities of meaning, learning programs, assignments, project teams and professional associations.
- Knowledge work thrives on collaboration, communication, teams and interpretive analysis. Enterprises serious about recruiting top people for knowledge-based work will graduate from considering these areas to be “soft skills” — an afterthought in most talent searches — to recognizing them as essential business, behavioral and technical competencies. How someone delivers results becomes as important as what someone delivers.
- Knowledge work defies the “efficiency quest” for uniformity, consistency and homogeneity. Enterprises often ignore the unique nature of knowledge work in favor of metrics and characteristics associated with skill-based and production work. As a result, talented people hired for their knowledge, intuition and experience are force-fit into measures and job descriptions that revolve around observable skills and defined domains.

These factors will have a highly disruptive impact on enterprises' patterns for workforce selection, recruitment, role definition, assessment and reward. Enterprises that underestimate this impact — and its

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potential for demanding and spurring innovation internally — will be ill-equipped to compete for talent in an age increasingly fueled by information and knowledge.

## 7.0 Conclusion: The Paradigm Shift of the Knowledge Workplace

For knowledge workers to be effective, they must understand the enterprise's mission, purpose, values and psychology of organizational leadership. They can then make decisions themselves about how best to support these goals.

This new psychology of the workforce reflects a changing relationship between employer and employee: Many elements of the traditional social contract are disappearing, replaced by the knowledge workplace, which is characterized by:

- An absence of traditional boundaries
- A high level of community
- Values designed and defined by knowledge workers themselves, rather than by the enterprise

The implications of this paradigm shift are huge:

- Many knowledge workers will be uncomfortable making decisions about their identity.
- Others will design new levels of professional freedom for themselves, but will lack ways to communicate and congregate.
- Managers who have traditionally focused on tasks and activities will find their roles in question, as people who are committed to learning, collaboration and informed decision-making rise in visibility and in leadership roles.
- To strengthen knowledge and social fabrics while countering disorientation, leading-edge enterprises will create a work environment in which purposes are clear, people are well-informed and communities of meaning flourish.

## 7.1 Summary and Recommendations

Given these trends, Gartner has formulated the following high-level conclusions:

- In their many manifestations, knowledge workers require different approaches to learning, leadership and support.
- Knowledge workers rally around leaders who infuse their work with inspiration, orientation, context and a sense of purpose. Leaders and managers are not synonymous.
- Motivated by learning and new experiences, knowledge workers will seek new roles, opportunities, relationships and experiences. Enterprises that respond with imagination and commitment will attract and retain top talent.
- In knowledge work organizations, executives and managers have one primary role: to create and support an environment that unleashes knowledge workers' potential.

In light of those conclusions, we offer the following general recommendations to enterprises seeking to effectively lead, motivate, manage their knowledge workforce:

- Understand and classify the primary types and roles of knowledge work in the enterprise, as each will require different approaches to motivation, learning and support.

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- Recognize that superior knowledge worker performance emerges not only through individual competencies, but also through collaboration and trust.
- Focus leadership on four key imperatives:
  - Articulating a shared purpose linked to customer and stakeholder value, and creating a road map to get there
  - Creating a knowledge culture that promotes creativity, learning, sharing of ideas and mutual respect for diverse views, and that is founded on trust
  - Providing tools and processes to support the creation, capture, delivery and reuse of knowledge
  - Aligning individual objectives with team work objectives, and with the enterprise's knowledge and information imperatives
- Create an environment — and provide systems and settings — that fosters learning not only at the individual level, but also at the organizational level.
- Take a hard look at the beliefs, actions and symbols of the enterprise to determine whether its culture attracts or repels knowledge workers.
- For complex assignments that involve tacit knowledge, use centrality as a guide for building project teams, recruiting candidates, selecting strategic partners, and defining roles and responsibilities.
- To attract and retain knowledge workers, focus less on controlling people's actions and more on creating opportunities and facilitating information flow among teams, assignments and associations.
- Create a work environment in which learning, external sensing, new roles and diverse opportunities are rewarded and well-managed.
- Use work roles that define scope and interactions — rather than job descriptions that define tasks — to build agile workforces that can juggle ambiguity, complexity and change.
- Strike a balance between tools that enhance people's performance and those that improve operational efficiency. Too heavy a focus on the latter will undermine knowledge workers' economic contribution.
- Consider the highly disruptive impact of knowledge work on the enterprise's patterns for workforce selection, recruitment, role definition, assessment and reward. Repair processes and values that inhibit high-speed recruitment, streamline hiring and approval processes, and try new approaches to finding and hiring talent.
- Create a work environment in which purposes are clear, people are well-informed and communities of meaning flourish.