

Building the Knowledge Worker Organization

Leader: someone who guides or directs others

Team: a number of people organized to function cooperatively as a group

Sometime back I read a book or article describing how the knowledge worker can and should maximize their own potential by playing the part of the hired gun (unfortunately I cannot locate the article to give credit where credit is due). For the knowledge worker, the author explained, it is in their best interest to manage their career path by hiring out to the highest bidder at every opportunistic step. This could be accomplished by promotions within the current organization or moving through various organizations that have an increasingly higher need for his/her services. Either way, the number one priority is to promote their skills and experience to the marketplace.

As I have personally benefited from implementing many ideas shared by Ed Kless of Sage Software in my business, I attend as many of his speaking sessions as possible. At Insights 2010, I heard Ed describe our employees as knowledge workers, our most important assets, who walk out of our doors each evening. As I had heard this before, my tendency was to get depressed thinking about just how fragile the culmination of my life's work, our business, really has become. Then, a thought occurred to me and everything came into focus.

Profits = Capital Management * Effectiveness * Value Pricing

My thoughts focused on the capital management element of the equation. Capital is made up of various resources that the knowledge firm must manage on a continual basis. These resources include the following:

Financial Capital = Operating capital and cash flow

Intellectual Capital = The ability to maintain and grow knowledge within an organization such that it can be applied to solve customer problems

Structural Capital = The environmental components that allow an organization to function effectively such as processes, systems, methodologies, physical plant, communications facilities

Social Capital = The brand of the organization that includes relationships with vendors, customers, external influencers, product and service awareness, and so forth



It dawned on me; in many cases the ability of the knowledge worker to monetize their intellectual capital is limited. Most knowledge workers need to work within an organization for various forms of capital that they either do not possess, or do not have the ability to properly manage. For instance, they may not possess the cash flow for marketing themselves or for investing in new equipment; they may not be able to build systems to manage projects, bill their services, perform support functions while chasing the next job; they may be great technical resources, but not know how to approach social networking effectively so they have a new project waiting for them when their current project is completed. These limitations of the hired gun are answered by participating in a team environment. When the knowledge worker's specific expertise is combined with varying forms of expertise brought by other knowledge workers and multiple capital resources, only then does the application of intellectual capital bring value to the buyer.

My function then as the leader of a team of knowledge workers is to attract intellectual capital to my team. I can do this by providing the benefits of various forms of capital that the intellectual capital owner does not possess or does not have the ability to manage. If my team is effective to the point of profitability, then I am able to demonstrate the ability to monetize the knowledge worker's intellectual capital.

Of course, money is not everything. If I also can help the knowledge worker grow in experience, knowledge and capital management abilities, then I have provided value beyond money. As long as the knowledge worker remains with the team, I also have built additional intellectual capital accessible to my team.

To be sure, the process will always be fluid. As the team gains additional experience and knowledge individually, we must recognize the additional value requiring either additional compensation or opportunities to grow. However, the combined growth inherent in the team provides even more reason for the team to remain intact.

Should a member of the organization find a more beneficial team for their situation, then the process begins again and is costly. However, the relationship has been mutually beneficial. Both the team and the organization have been profitable. In addition, intellectual capital is one form of capital that can be shared. When a knowledge worker shares his knowledge with a customer or a coworker, they do not diminish their own knowledge. In fact, through an exchange of ideas, the knowledge worker's intellectual capital will grow as well. Concurrently, if our organization's capital management process includes cross training the team members, the team can retain the exiting knowledge worker's intellectual capital even as the knowledge worker leaves the team.



Through the process, the organization has gained in reputation, customers, reference sources, finances, experience and any number of other resources. The departing knowledge worker may also add to our social capital as an external influencer or even by bringing the new employer organization to our team as a customer.

Business is the process of providing solutions for others. As we continue to build our organizations, we must recognize the impact of the knowledge worker on our business models. As we provide a valuable package of organizational attributes through which the knowledge worker can monetize their intellectual capital, we can help them grow. At the same time, the organization increases its retained resources of financial, structural and social capital.

All in all, it is not a zero-sum game; everybody can win.

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