

17<sup>th</sup> September 2015

# Why Tacit Knowledge Transfer should not be ignored!

In the last two decades, markets have seen great innovation and rapid development in many sectors. Great efforts are being made to create and maintain the competitive advantage as well as to beat the competition. In order to reach these goals, companies are constantly trying to create valuable knowledge and employ the best possible resources in their teams. Firms are not only interested in creating knowledge but also in maintaining and successfully transferring it within their company.

Knowledge can be divided into three categories:

- Explicit: comes from documented information, such as education;
- Implicit: it can be documented and includes personal skills;
- Tacit: very difficult to detect or explain, needs the help of experts.

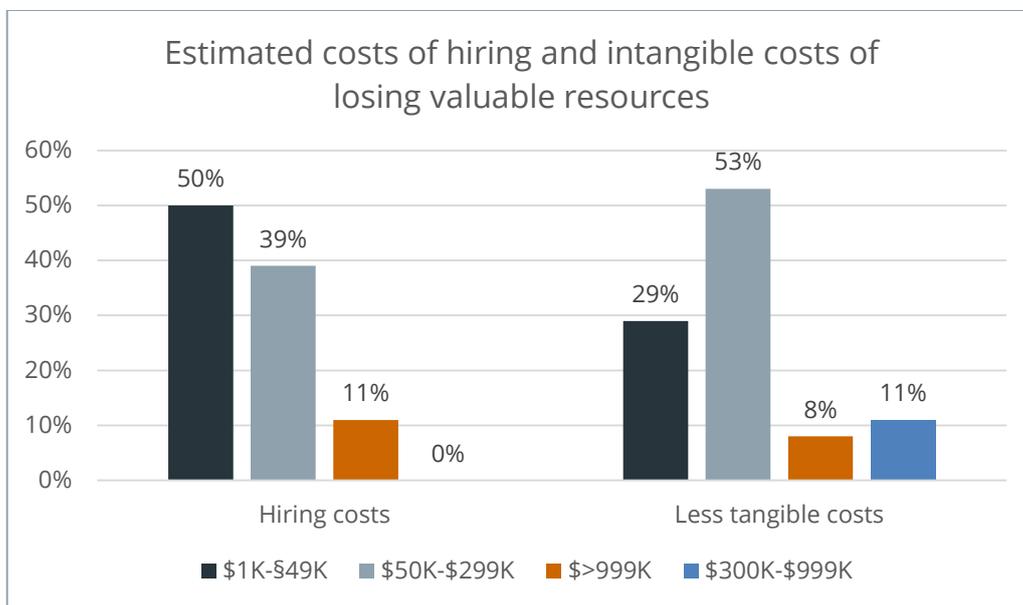
## **“Tacit knowledge is something unique and inimitable”**

Tacit knowledge is “based on personal understanding or experience”, it is difficult to document, visualise or transfer from one person to another. It is part of a person’s behaviour and is often a subconscious or even unconscious process. Tacit knowledge is not to be confused with company knowledge, which “is the body of rules, guidelines and procedures used to select, organise and manipulate data to make it suitable for a specific task”.

Tacit knowledge is essential to the competitive advantages as it’s something unique and inimitable. It differentiates firms that continuously innovate from those that struggle to be agile. This might be the ability to solve and prevent problems, empathy with the customers, the gut feeling, an impeccable aesthetic sense, successful thinking processes or behaviours. Therefore, this knowledge is extremely valuable and needs to be transferred when new resources are integrated in the company or the team.

The cost of losing this precious knowledge is never found in budgets or the annual reports, as it is an intangible element and therefore, very hard to estimate. Losing a key employee might lead to the loss of a significant professional network, project delays, customer problems or errors due to the higher learning curve of the successors.

According to a survey answered by CTOs, CIOs and head of HR departments in leading US companies, in most cases, the costs of hiring new employees is estimate to be less than \$ 50.000, while the intangible costs of losing a valuable employee are much higher, as reported in the graph below:



Source: Dorothy, L., Swap, W.C., & Barton, G. (2014), Critical Knowledge Transfer: Tools for Managing Your Company's Deep Smarts, 13.

The need to transfer tacit knowledge might arise in case of employee turnover, mergers, retirement, new hires or when the team members are geographically dispersed.

Zulla Consulting & Partners has great experience in transferring and maintaining knowledge, may it be tacit, implicit or explicit. We offer tailor-made solutions based on a wide series of methods and best practices. We will help you to detect, transfer and maintain the tacit knowledge within your firm. The transfer will not only reduce process complexity but also the intangible costs.

For additional information and an initial consultation, feel free to contact Daniele Zulla at [zulla@zulla-consulting.com](mailto:zulla@zulla-consulting.com)

Sources:

- Busch, P. - Tacit Knowledge in Organizational Learning
- Dorothy, L., Swap, W.C., & Barton, G. - Critical Knowledge Transfer: Tools for Managing Your Company's Deep Smarts