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Knowledge Capture and the Retirement of the Director of Finance: Succession Planning in the San Mateo County Human Services Agency

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Concern over the impending retirement of several top-level managers led a county agency to engage in efforts aimed at more efficient succession management. Administrators developed plans to prevent the loss of invaluable knowledge and wisdom accompanying retirement of experienced agency leaders. The agency's Director of Finance (DoF) was one of the first key figures projected to retire, and a succession plan was implemented to transfer his knowledge for use after his departure. The knowledge transfer process involved three stages, including: (1) employing the DoF as teacher, having him develop curricula and conduct trainings; (2) engaging the DoF as mentor, allowing an existing staff member and the DoF's successor to shadow and be coached by the DoF; and (3) developing a knowledge management system that could be used after the DoF departed. This case study describes the knowledge transfer process and experiences shared by the DoF and this agency.

KEYWORDS *Finance knowledge sharing, succession planning, capturing institutional memory*

In early 2006, the director of program support for San Mateo's Human Services Agency (HSA) was asked by a consultant, "What is the toughest problem you face?" Without hesitation, the director responded "The retirement of our agency's director of finance (DoF) in two years, after thirty-five years of service." The DoF was considered invaluable to the agency and a valued member of the executive team, not only for his creativity and consummate financial expertise, but also for his broad professional skills and experience. The idea of trying to replace him seemed more than daunting.

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At about the same time the County of San Mateo received the results of a year-long organizational study performed by an outside consulting firm. One of the major areas of recommendations focused on succession management. The study found that of the county's top-level managers (deputy director and above), over 70% were eligible to retire at that time and in five years that number increased to over 90%. Compounding the problem, of the mid-level managers, those who would normally be expected to move into those higher-level roles, nearly 55% were also eligible to retire, increasing to over 70% within five years.

With this backdrop of county-wide concern over succession management and the impending loss of such a valuable resource the director of program support, with input from the consultant and the DoF, developed a succession plan to address transfer of critical knowledge from the DoF to other financial staff. The concept developed employed three strategies to facilitate knowledge transfer. The first strategy involved utilizing the DoF as a teacher and required him to develop and present a number of trainings on various topics to targeted audiences during the balance of his tenure. The next strategy, loosely dubbed "the sorcerer's apprentice," involved a concerted program of mentorship to provide a targeted individual (in this case it was initially the budget manager and later included the new DoF) with the opportunity to shadow and be coached by the DoF one-on-one as much as possible. Finally the most difficult and complex strategy involved "capturing" and "organizing" for later access and use as much of the out-going DoF's "knowledge" and "wisdom" as possible in the remaining months. This latter strategy turned out to be a very interesting and challenging journey of discovery for those involved.

The DoF had become a significant repository of procedural and tacit knowledge, with no immediately apparent successor who possessed this knowledge. With training in public administration and social work, he possessed an extensive understanding of management systems and practices as well as the agency's programs and services. He had been able to develop and execute creative funding strategies and find surplus funds, even during years of budget cuts, using braided and leveraged funding strategies. In addition, over the years he had become a well-known and well-respected expert at the state level in welfare and human services finance. While it was recognized that the DoF had his own unique personal style, experience, and training, HSA wanted to find a way to capture his knowledge to continue to make it available after his retirement and to ease the transition and reduce the learning curve for his successor (see Figure 1).

For the purposes of this project, the term knowledge refers to a "broad variety of information beyond that typically available in formal systems, including procedural knowledge, relevant expertise, individual skills, process transparency, context data, and competitive insight" (Altus Learning Systems, Campbell, CA). In other words, knowledge represents the information gath-

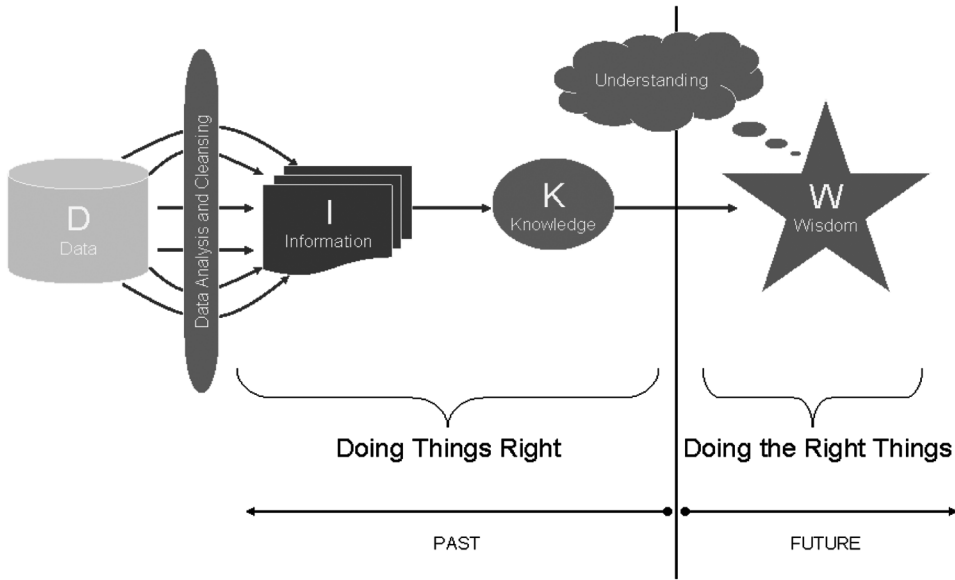


FIGURE 1 Knowledge Capture.

ered and placed into a context that enables a person to use it to function successfully in their positions. Wisdom is the ability to appropriately and effectively use that knowledge in different circumstances or environments to achieve a desired outcome. As one of the agency’s consultants put it, “In most organizations, the bulk of this knowledge is uncaptured, unstructured, uncommunicated, and unconnected to learning systems” (Altus Learning Systems, Campbell, CA, http://www.altus365.com/search_results.php?q=Altus+Learning+Systems).

This generally was the case for San Mateo County’s HSA. Said another way, most organizations focus on capturing “data” and “information.” From the beginning of this project the director of program support made it clear that what he was interested in gleaming was not the technical knowledge and information the DoF possessed, but rather it was the softer, tacit knowledge represented by terms like “experience,” “judgement,” and “wisdom” that was of greatest importance; the goal was to capture not only the “what” or “how” but the “why.”

Initially the knowledge capture project began by the director of program support assigning the consultant and the DoF to work together to determine ways that were effective in capturing this type of knowledge. The consultant’s background in organizational development and work flow design, as well as experience as a marriage and family therapist, provided him with an enhanced understanding of systems management and the capacity to elicit the underlying meaning of work processes, which turned out to be invaluable assets.

Some of the challenges identified in this knowledge capture process were:

1. How can an organization capture an individual's agency-related knowledge in order to increase organizational memory?
2. How can the efficiency and effectiveness of employee moving into a new role be improved?
3. What kind of mechanism(s) can be used to effectively record vital information about an employee's projects, resources and relationships in order to make it available for use by others in the organization?

One of the more difficult initial challenges was identifying exactly what was important about the DoF's knowledge—again trying to capture his “wisdom” not just catalog his technical knowledge. One of the devices that proved instrumental in getting at this issue was a “mind map” that the consultant and the director of program support developed. Using this as a guide, the consultant and the DoF created a list of the knowledge areas that had been accumulated in over 35 years of experience. As they identified and listed topics, the DoF selected what he believed to be the most important topics that would be vital for his successor to know. As part of the process, they also identified core knowledge which could best be acquired through coursework, formal training (e.g., systems theory and group dynamics), or other traditional methods. These areas were not targeted for knowledge capture. Finally, the budget manager and director of program support also provided input to the list which stimulated further brainstorming about core knowledge that should be captured for the DoF's successor versus that which could be acquired through other sources. This was a dynamic and iterative process as topics were added to, and deleted from, the list throughout the life cycle of capture activities. Some non-priority items were included because they were available without additional effort and it made sense to include them. In order to pare down this ever-growing list, the steering committee developed specific criteria to determine what knowledge to capture. In particular, topics were chosen that were:

- Of high value to the organization as a whole,
- Could not be gained from on-the-job training (or would involve a long learning curve), and
- Could not be learned purely from observation.

As the DoF and the consultant undertook the difficult task of capturing knowledge, it became clear that the consultant's experience as a therapist was particularly valuable in exploring and articulating areas that the DoF had rarely described to anyone or even thought about. Polished expertise is

often intuitive and almost unconscious for the expert; that is why it seems so mysterious to the observer.

The actual procedure of “translating” the DoF’s problem solving processes involved much trial and error which was often assisted by the consultants capacity to create visual diagrams of the process or concept. Often a number of attempts were made before agreement was reached that the concept was adequately captured; sometimes this generated additional diagrams, discussions, or other topics.

A number of capture strategies were attempted and refined or discarded. One of the strategies employed was for the knowledge capture consultant to observe and digitally record training sessions led by the DoF. Afterward the slides and audio were knit together in a standalone program. In another strategy HSA executive managers were interviewed to provide case examples related to specific topic areas. The consultant was often able to capture mentoring discussions and activities. In general the “capture” techniques included:

- Interviews,
- Observations,
- Recordings of training presentations, and
- Documentation.

From the Knowledge Capture activities, there were specific products developed, including:

- Recordings of discussions,
- PowerPoint presentations,
- Knowledge maps,
- Process flow charts, and
- Process narratives.

By using a variety of mediums and a number of strategies, a rich tapestry of knowledge began to accumulate.

Within each topic (ranging from budget analysis to meeting management) there were interpersonal, structural, political, and contextual factors which formed part of the essential knowledge. The goal, however, was not total knowledge capture, but only to shorten the learning curve of the new DoF. Some aspects were too subtle or too sensitive to reduce to diagrams or narratives. For this reason, it was vital to have the budget manager and the new DoF (who started three months prior to his predecessor’s retirement) observe the DoF so they could ask questions about the strategy and rationale for handling certain situations in a particular way (see Figure 2).

It was during this early period of topic identification that the director of program support formed a Knowledge Management Steering Committee; it

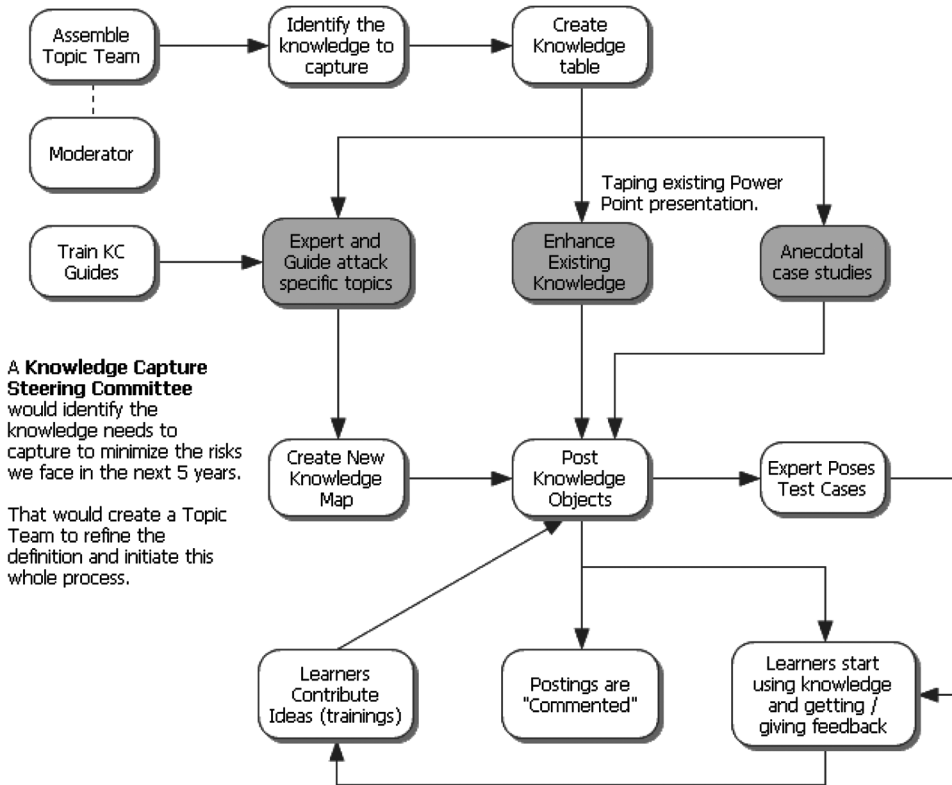


FIGURE 2 Knowledge Capture and Transfer Flow.

included the retiring DoF, the budget manager, the director of the business systems group, an IT manager and supervisor, and the consultant for knowledge capture. The purpose of the group (which met about every six weeks) was to monitor progress, resolve issues as they arose, and provide direction on next steps. As the project progressed, the group was expanded to include the knowledge management systems consultant and later the incoming DoF (once he was hired) as well.

Almost from the beginning, attention was paid to what format or formats could/should be used to present the knowledge captured. A good deal of experimentation was involved in coming up with what inevitably became a varied, multi-media approach. A technology systems consultant was brought in upon the recommendation of the knowledge capture consultant, based on her experience with knowledge management systems development. One of the examples she presented to the steering committee was Cisco’s Virtual Team’s “Brain Bank,” where 3,000 hours of material from 2,100 individuals had been captured and stored (Altus Learning Systems). While evident that an information storage capacity system was needed, its costs were less

than solutions developed for the private sector. More importantly, it also became clear that any storage/retrieval system had to fit the culture and work environment in which it was to be used. Therefore what worked for Cisco's work environment and culture was an interesting reference point, but not a template that would fit in HSA.

A number of potential solutions were explored before the decision was eventually made to put all the knowledge captured on a web-based application to be accessed through the agency's intranet site. In designing the application, considerable attention was given to the following questions:

1. Who would ultimately be the end user (just the new DoF or other members of the financial services team)?
2. How could the functionality for the end user be maximized?
3. How could formal and informal learning be incorporated?
4. How would the site content be moderated?

These issues continue to be discussed as part of the work in progress.

After a number of prototypes were developed in conjunction with the technology systems consultant and tested, in spring 2008 the Knowledge Management Steering Committee had a test site with access limited to members of the steering committee and management analysts (MAs) in the Financial Services Unit. These select staff members were encouraged to log onto the site and explore the different content areas and make comments. While the structure of the site was partially based on what the technology consultant had observed or implemented at other companies, it was highly customized for the particular needs of HSA. Each topic was presented on its own page and linked to one another through tags. Users had the ability to comment on the material as it was utilized.

As the steering committee began to receive some initial feedback from potential end users, the feedback split into two camps. Users that had been working with the steering committee were familiar with some of the material as well as the rationale for the softer knowledge being presented, and their feedback was generally positive. Among staff who had not been involved in the early days of the project, more negative comments were received because the site did not provide them with the information they wanted. It became clear they were more interested in "how to" information for doing their job and wanted quick answers to get at this information. They did not see the explanations and rationales for each procedure as being of immediate importance. In essence, these results pointed back to one of the major reasons much of this knowledge and wisdom resided primarily with one individual—others were content to learn the "what to do" and "how to do it" while having less interest in why it was being done.

This tension between task-oriented, how-to instructions vs. contextual, broad-spectrum knowledge turns out to be a constant dilemma in knowledge

capture. Staff were used to asking the DoF for direction on a specific task without having to learn the broader understanding from which he could generate the answers. On the other hand, what they admired most was the DoF's ability to wade through complex problems by putting issues in context and generating the best possible approach, even if it deviated from standard procedures. There were also frequent and appreciative comments about his broader skills in navigating the organizational and political complexities of county and even state operations.

The knowledge transfer philosophy of the project had been to create an environment where self-directed users could access knowledge to help them do their work more effectively and to use the knowledge to adapt to the constantly changing work environment. The designers focused not only on presenting information but also encouraging users to contribute to the knowledge. This was consistent with the agency's approach to changing the structure of learning from a top-down hierarchy to a more horizontal environment of peer collaboration.

The steering committee began to realize the need for a cultural change, at the very least within the Financial Services Unit, to move this type of knowledge deeper into the organization and make knowledge transfer truly effective. Furthermore, the staff's negative comments about the intranet site demonstrated that the knowledge capture system would need to incorporate some "how to" information to ensure buy-in and utilization.

As the Knowledge Management Steering Committee discussed findings from testing and incorporated some of the suggestions given, an iterative process developed whereby testing had impact on what and how topics were captured, as well as on the design of the system.

For example one suggestion was to move the more general topic material (such as meeting strategies, strategic writing, and critical thinking) into a one-day workshop to be presented later to a wider audience, and then added to the site in the form of checklists and reminders. Another suggestion resulted in the retired DoF returning under contract to provide the opportunity to capture his knowledge around the long, complex process of financial year-end closing.

BEYOND THE FIRST KNOWLEDGE CAPTURE

Reflecting upon this experience, the knowledge capture consultant recognized that there are other knowledge capture factors beyond the retirement of one person. Obviously if the knowledge resides in one person rather than in a cross-trained staff, it becomes vital to capture that person's knowledge before they retire. Knowledge capture could focus on capturing knowledge among workgroups if the work is performed rarely. Year-end-close, for example is only performed once a year, so a typical employee may not learn

the process for 4 or 5 years. Other processes might be targeted because of their critical contribution to a strategic objective, or the volatility of the work force performing them.

Another factor in the knowledge capture process is the willingness of the soon-to-retire manager to commit to the self-reflection. In this case, the DoF expressed a commitment to the goal of the knowledge capture project and felt that he had a vested interest in sharing his knowledge with his successor and others. He found the consultant to be very helpful, especially the use of diagrams that gave him insights into different areas of his work.

Given the investment required, another county should consider their situation carefully before attempting to replicate a similar knowledge capture project. In addition to the commitment of staff time, the agency would need to identify someone on staff who has the skills to serve as a knowledge capture consultant; using an external consultant only makes sense during the pilot phase of such a project. Other interpersonal factors (including personality and learning style) could also affect the capacity to reproduce the process. For example, both the retiring and newly hired DoF acknowledged that they are visual learners and that they considered the use of diagrams and flow charts a good way to capture and convey his thought processes. Other staff required a more concrete learning process, so specific examples and case studies had to be included in the knowledge capture materials.

Time was another factor in the project's success. While two years initially seemed like a long time, by the end many staff wished they had started earlier. The DoF and knowledge capture consultant acknowledged that it took some time for them to "blunder" through the initial stages of knowledge capture to arrive at a process that they felt worked. Additionally, it was important for the DoF to find the time to focus on knowledge capture activities in addition to his ongoing duties. Sometimes finding the necessary time was difficult. Given the struggles of high-level staff with scheduling and work loads, it was important for him and the agency to be willing to commit the time needed to adequately capture knowledge in a meaningful way

Once captured, the intranet site holding the knowledge could have numerous uses:

1. Staff online learning and capacity development,
2. Creating opportunities for informal exchange and learning,
3. Creating networks of learning communities or neighborhoods,
4. Exchanging ideas on best practices, and
5. Encouraging networking outside of departments with counterparts in the counties or agencies.

At this writing, the project has focused on capture and storage. The next focus is use. Before any further decisions can be made the learning commu-

nity members need to have more experience with the captured material to determine the most appropriate use of the system over time.

Before leaving the agency, the DoF noted one more concern, namely, assessing the usefulness of this project for the individuals stepping into his shoes and for the agency as a whole. The new DoF expressed positive feelings in regards to the project, but also felt that he had not had enough experience with the site to truly determine its worth. The budget manager, who participated in some of the knowledge capture sessions, also pointed out that the site in its current form can be confusing to navigate and needs to be more intuitive for uninitiated users. For the DoF and the budget manager, the site was often redundant since they had participated in many of the actual knowledge capture settings. For completely new users, the storage system can be modified in a variety of ways to improve their experience; it will simply require time to learn what works best.

The Knowledge Management Steering Committee believes that the value of the project will only become evident as the system is used and enhanced. Given the cyclical nature of processes within finance, that may take 12–18 months before they are able to reflect on the success of this knowledge management project. However, having spent the last two years attempting to “download” 35 years of experience, the now-retired DoF felt that the project had captured what he thought was vital. For HSA, the story continues to unfold.

APPENDIX A: SOURCES OF INFORMATION

Interviews

Sharif Etman, Staff, Human Services Agency of San Mateo County, CA

John Joy, Staff, Human Services Agency of San Mateo County, CA

Ken Kong, Staff, Human Services Agency of San Mateo County, CA

Robert Manchia, Staff, Human Services Agency of San Mateo County, CA

John Meermans, Staff, Human Services Agency of San Mateo County, CA

Laleh Shahidi, Staff, Human Services Agency of San Mateo County, CA

Jerry Talley, Staff, Human Services Agency of San Mateo County, CA