

ESSENTIALS

FOR LEADING KNOWLEDGE WORKERS

Managing Knowledge Workers

*A Report on Workplace Trends and
What They Mean for Businesses in Our Region*

July 2002

Managing Knowledge Workers: Key Findings

Overview

In the spring of 2002, our company, Viewpoint Learning, Inc., conducted a survey with more than 150 business leaders in San Diego and Orange Counties. We interviewed executives from industries ranging from biotech and high tech to health care and financial services. The survey revealed the challenges involved in managing today's independent and well-educated workers, and identified the critical leadership skills needed to manage a workforce whose values, motivations and outlook are very different than the traditional workforce of the past.

A clear pattern emerged from the interviews. Southern California business leaders are less concerned with elementary "plain vanilla" management skills (such as giving recognition for good performance) than with higher order management skills (such as stimulating innovation and giving effective feedback).

The context for the survey is a sustained shift in the nature of the American workforce. As one executive described the shift, "We used to hire people from the neck down; now we hire them from the neck up." As the report shows, there has been a massive shift toward jobs that give workers a much higher degree of discretion and more control over how to do their jobs (see Section 2).

This shift is especially apparent among knowledge workers, who often know as much or more about the requirements of their tasks as their supervisors. Traditional management principles may be adequate for managing a traditional workforce in which managers sit at the top of a hierarchy and make decisions that workers -- easily replaceable -- put in place. As our research suggests, however, managing the new breed of high-discretion workers requires a far different range of people skills.

San Diego and Orange County executives expressed a need for outside help to enhance these higher order leadership skills. Four essentials emerged as most challenging for managers:

- ***Stimulating innovation.*** Managers of knowledge workers must be able to share ownership, stimulate others to think for themselves, learn to be proactive in taking initiative, and stimulate a free flow of ideas.
- ***Working across boundaries.*** It is indispensable for modern managers to learn how to understand, interact with and benefit from the ideas of those with different management styles as well as those outside their own area of specialization, department, division or team.

- ***Setting goals and giving effective feedback.*** Goal setting today is a cooperative venture, shared by workers and managers alike. Setting realistic goals and giving appropriate feedback demands pooling of knowledge and creating an atmosphere of trust and understanding.
- ***Developing potential.*** Superior performance depends on commitment, and commitment depends on leaders' ability to motivate and to fulfill knowledge workers' expectations of opportunities for growth and professional development.

One common denominator stands out among these four essentials: all depend on an ability to engage others in a particular kind of dialogue.

This point is easily misunderstood because in common parlance the word *dialogue* refers to a kind of conversation intended to settle differences peacefully rather than through force or confrontation. In the present context, however, we refer to dialogue as a means of gaining knowledge, insight, trust and rapport. The ability to learn from others' viewpoints in a manner that enhances trust and mutual understanding is indispensable for managers in today's rapidly changing workplace.

A quick probe under the surface of the four essentials reveals that it is impossible to stimulate innovation, work across boundaries, set goals and develop employees' full potential without forming a particular dialogic relationship with others.

A golden chain of logic links mastery of dialogue to successful corporate performance. The logic is this:

- Superior performance depends on the skill, hard work and dedication of knowledge workers (the strength of their commitment);
- The strength of workers' commitment, in turn, depends on the manager's success in implementing the four essentials;
- The ability to implement the four essentials depends, in turn, on a mastery of a certain kind of dialogic skills;
- The mastery of these skills depends, in turn, on understanding and acquiring a discipline we call "the technology of dialogue." (see Section 3)

In response to the stated desire of executives in our survey, Viewpoint Learning has created the ESSENTIALS program designed to strengthen these higher order skills and managers' understanding of the technology and practice of dialogue (See Section 4 for more detail). When participants are able to absorb and apply the technology of dialogue (described in Section 3) to the four essentials, the results can include more innovation, higher levels of commitment, better retention of gifted employees, an atmosphere of enhanced trust and understanding and superior performance.

In the four sections that follow, we describe our research findings, set them in a larger national context, explain the technology of dialogue and summarize the ESSENTIALS program:

- Section 1: San Diego and Orange County Research Findings
- Section 2: National Context
- Section 3: Background on the Technology and Practice of Dialogue.
- Section 4: Information on The ESSENTIALS Program and Viewpoint Learning

SECTION 1: San Diego and Orange County Research Findings

In Spring 2002, Viewpoint Learning conducted a survey of more than 150 business leaders in San Diego and Orange Counties. Interviews with executives revealed the seriousness of the challenge of managing today's highly independent and well-educated knowledge workers. The survey – which drew on a combination of phone, e-mail, and face-to-face interviews – identified the most important leadership skills needed for managing men and women whose values, motivations and outlook are very different from those found in the traditional workforce of the past.

The executives represented in this survey come from a wide variety of industries, including:

- Financial institutions
- Staffing services
- Retail
- High tech
- Bio-tech
- Government
- Health Care
- Education
- Investment Services

Companies ranged in size from 16 employees to over 10,000 employees, some with international workforces. The survey focused on management/leadership skills.

Managers today are often asked to oversee employees with greater technical knowledge than their own. Managers of knowledge workers are often promoted from a technical position, and must add to their technical skills the ability to deal effectively with the challenges of managing high-discretion employees. The executives we interviewed were asked to examine how adept managers in their company are at overseeing knowledge workers, and in what areas they experienced the most difficulty.

In each interview we provided respondents with a list of 27 common “people mistakes” that employers had previously identified as problems. The list ranged from elementary mistakes to the most subtle and intangible errors that occur when managers’ technical backgrounds outstrip their people skills. Each executive interviewed was asked to review the full list of the 27 mistakes, to state which ones were serious issues for their organization and to indicate whether they felt they could fix these themselves or would welcome outside help.

The results of the survey show a clear pattern. Organizations in the San Diego/Orange County region are largely unconcerned with the elementary “plain vanilla” skills – those that a competent manager would be expected to have mastered. On the other hand, these organizations expressed a felt need for outside help in enhancing a series of higher order leadership skills described below.

Specific Findings:

Figure 1 lists the management mistakes that a plurality of those interviewed characterized as “not a serious issue for us.”

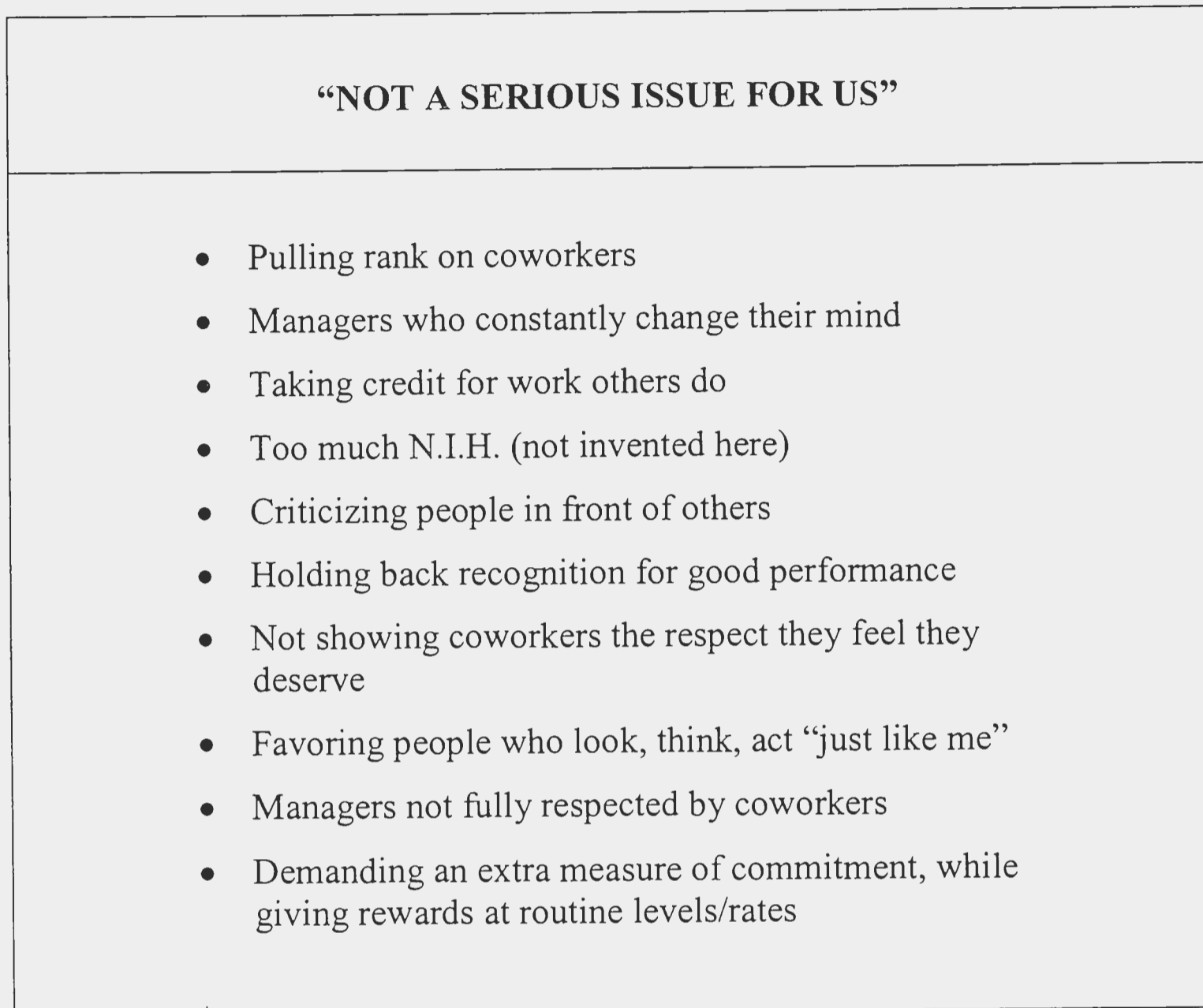


Figure 1

These management mistakes share a common denominator: they are usually the result of inexperience. Significantly, companies in our region do not see these issues as major concerns – the challenges they face are both more sophisticated and more interesting.

Our respondents cited 11 of the 20 issues as matters of serious concern. Of these, two were identified as problems that, while serious, could be fixed in-house: over-promising and a reluctance to admit mistakes or ask for help. For the remaining nine, more than 40% of respondents said that they would welcome outside help.

Figure 2 below lists the mistakes on which respondents felt warranted outside help.

| “WE WOULD WELCOME HELP” |
|---|
| <ul style="list-style-type: none"> • Not knowing how to motivate people to give their best • Difficulty making the transition from colleague to manager • Poor listener • Difficulty setting realistic goals and standards • Not able to convey a clear sense of direction • Failure to stimulate innovation (even stifling it) • Difficulty interacting with people with different management styles • Not eliciting or giving good feedback • Not knowing how to create a sense of ownership in others |

Figure 2

We have distilled the mistakes listed above into four essentials for managing knowledge workers, all of which demand an atmosphere of trust and mutual understanding:

1. Stimulating innovation;
2. Working across boundaries; demonstrating genuine responsiveness and working with managers and others with different backgrounds;
3. Setting goals and giving effective feedback;
4. Developing potential; offering growth opportunities to enhance commitment to the company’s success and employees own personal and professional development.

These research findings suggest a useful distinction between elementary management skills and higher order management skills. The executives we interviewed want managers who can listen responsively and give good feedback, people who stimulate innovation and inspire people to give their best. In addition to providing a clear sense of direction, these managers need to create a sense of ownership among the people they lead and to be comfortable in dealing with people with different backgrounds and management styles. This is a very different set of skills from what was required only a decade or two ago. A new type of worker has emerged – the “high-discretion worker” -- and new management skills are needed to ensure outstanding performance and heightened commitment.

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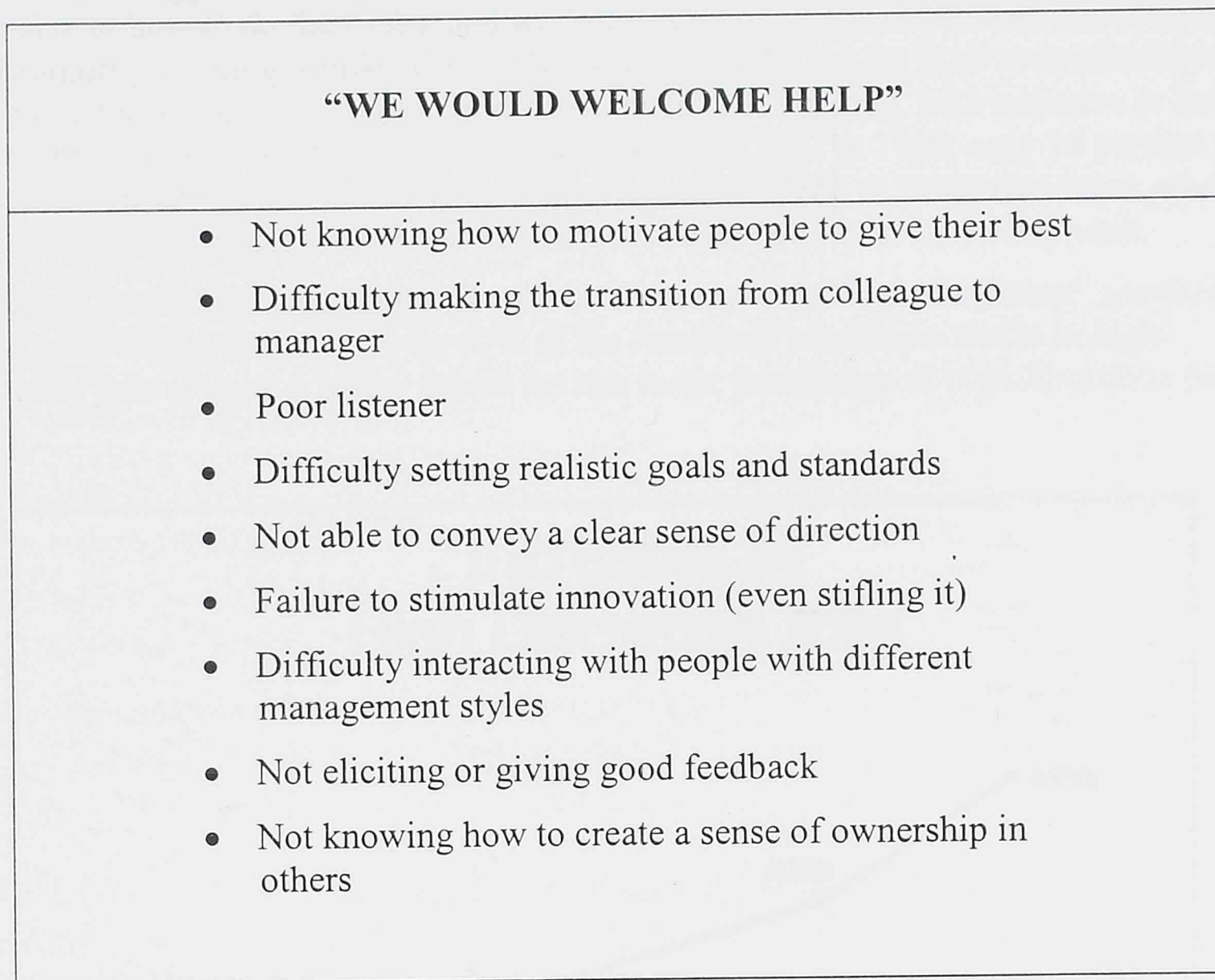


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SECTION 2: National Context and Historical Background

In the beginning part of the past century, most workers enjoyed little discretion and control over how to do their jobs, and workplaces were organized as strict hierarchies with authority residing primarily in the boss. Workers did not set their own schedules, determine the appropriate amount of effort a given task required, take initiative or have much say over any aspect of their day-to-day working life. In 1920, only 18 percent of American workers found themselves in what are categorized as “high-discretion jobs” or jobs in which the employee has the freedom to decide how to do his or her work.

A gradual increase in the percentage of jobs categorized as “high-discretion” accelerated in the early 1980s, and today over 60% of the American workforce works in high-discretion jobs (Figure 3 below shows the rise in the percentage of high-discretion jobs.)

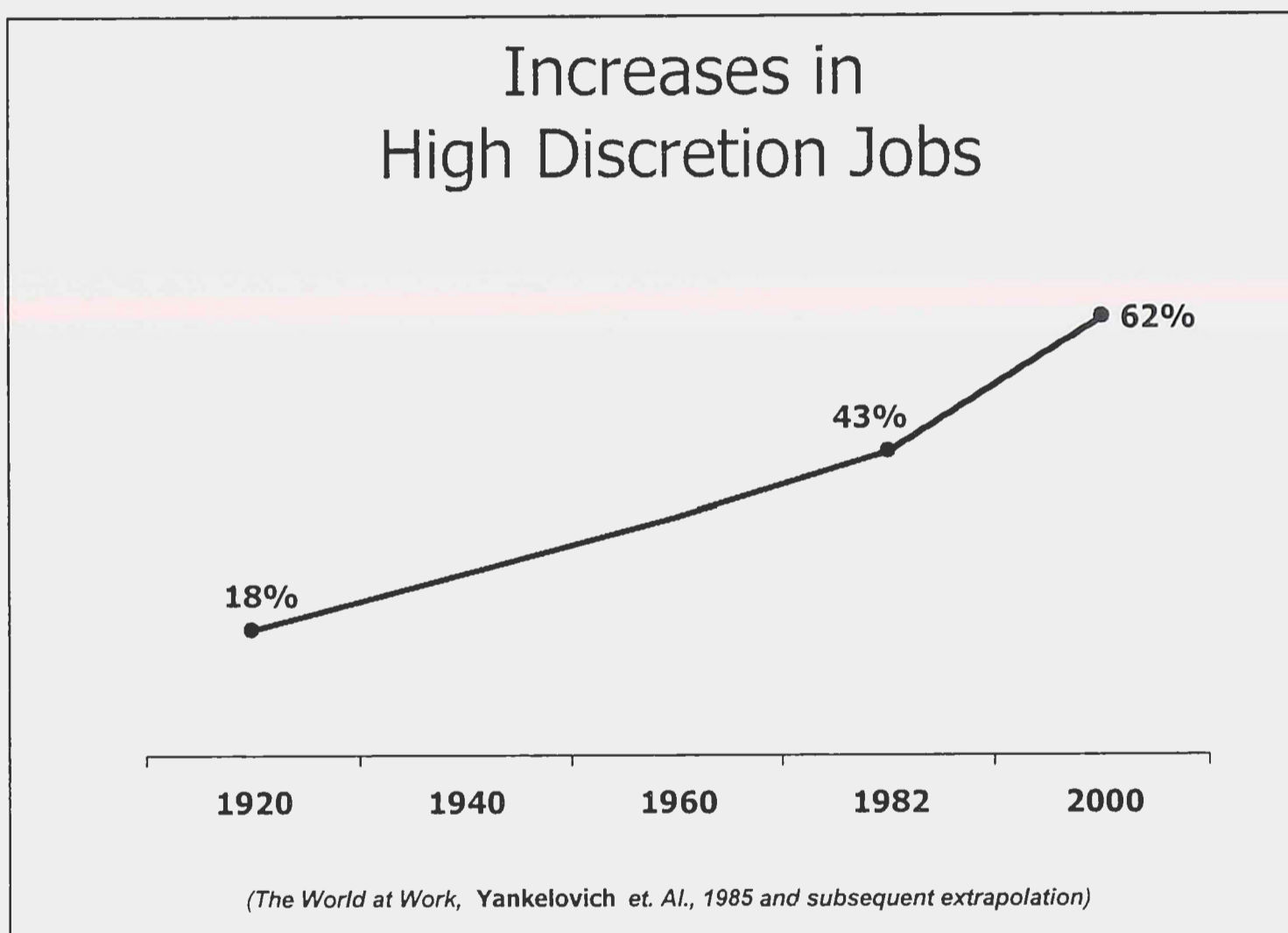


Figure 3

At this point, a new breed of worker has fully emerged. This is a worker with significant technical expertise, hired for his or her knowledge and experience -- “from the neck up.” San Diego and Orange Counties’ strong technological thrust has led to the creation of many knowledge-worker jobs.

In *The World at Work*, a survey of the nature of work in industrialized countries around the globe, Dan Yankelovich, Viewpoint Learning’s Chairman, wrote:

...work no longer means “Adam’s curse” – a disagreeable necessity undertaken solely for survival purposes. Work is increasingly a means for acquiring the good things in life and for achieving psychosocial benefits – the intangibles of social identity, independence, self-esteem, creative self-expression, recognition, fulfillment of potentials and social stimulation ... the trends of the past several

decades have given individual jobholders significantly more control than in the past over important factors of production. These include (1) productivity (output per person hour); (2) quality of product and service, an important competitive factor in many industries; and (3) cost efficiency.

There are strong qualitative differences between the workforce of the past and today's knowledge workers. When hiring workers "from the neck down," initiative and commitment are far less relevant. Assembly-line workers are easily replaced and new workers quickly trained.

Knowledge workers, on the other hand, have their own distinctive needs. They expect more money, more opportunity for growth, more non-economic rewards for their contribution, and are far more willing to move to another employer or even career if they do not feel they are being compensated on every level. These individuals are not easily replaced. Hiring, training and retaining knowledge workers requires significant investments of time and money. This investment can hinder a company's ability to maximize resources to adapt to changing market demands.

Figure 4 lists some of the distinctive characteristics of knowledge workers.

| QUALITIES OF KNOWLEDGE WORKERS | |
|---------------------------------------|----------------------------------|
| Knowledgeable | Preoccupied with own development |
| Seek a larger purpose | Insist on a voice |
| Mobile | Cherish autonomy |
| Demanding | Question authority |
| Low loyalty | Need to trust and be trusted |

Figure 4

This creates a major problem with maintaining employee commitment. While high-discretion jobs have increased over the past 20 years, national research shows that employee commitment has actually stagnated.

With higher expectations for their jobs, high-discretion workers are more difficult to manage productively. They are much more likely to be demanding, insist on a voice and cherish autonomy. At the same time, their commitment can be enhanced if they have a sense of a larger purpose, feel their development is being promoted, and trust and respect their employers. Finding ways to create greater commitment and loyalty has the potential to significantly affect an organization's bottom line.

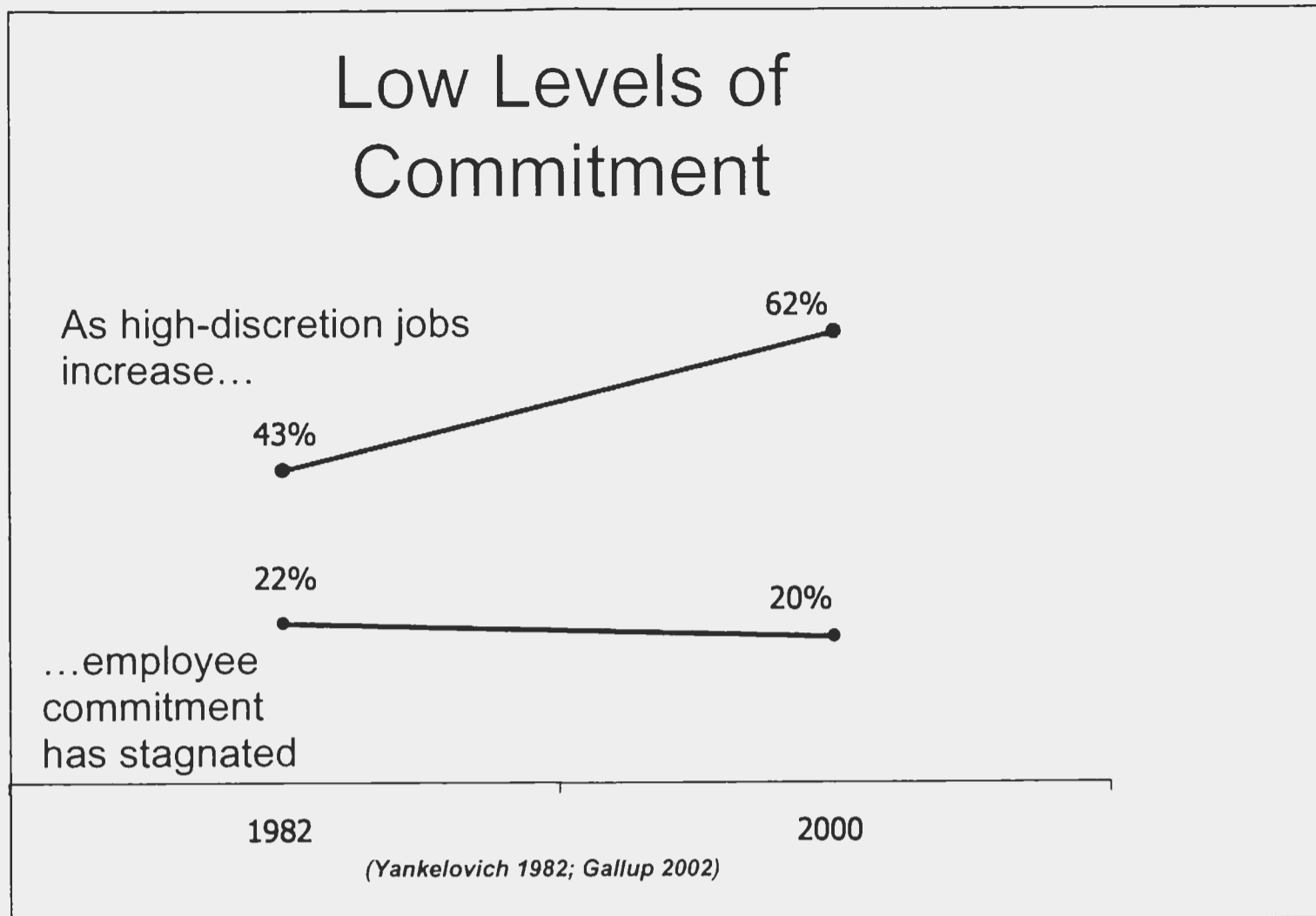


Figure 5

Our economy is still at an early stage of the learning curve in knowing how best to lead and manage the new breed of high-discretion knowledge workers. Our research suggests that the companies in our region are well aware of the challenge and accurately see the management development needs required for the future.

SECTION 3: The Technology and Practice of Dialogue

Managing high-discretion workers requires new kinds of knowledge and learning – reflecting a wide range of viewpoints and dealing with values and emotions as well as with data. A certain kind of dialogue is the ideal method for acquiring this knowledge.

Most of the time, the term “dialogue” refers to a method for dealing with disputes peaceably rather than through force and confrontation. We are not referring to dialogue in this sense. Rather, we refer to dialogue as a unique method for gaining knowledge and insight through learning from other people’s viewpoints. This is knowledge and learning that cannot readily be gained in other ways and it is invaluable to managers of knowledge workers in a variety of professional disciplines.

Some years ago, David Bohm, the noted physicist and colleague of Einstein, discovered the power of dialogue in his own field. To his surprise, he came to the conclusion that world-class physicists develop their most creative ideas not in the lab or in solitary thought (as the popular stereotype suggests) but through dialogue with one another. Bohm learned that a great deal of the knowledge and understanding of physicists came from serious, extended dialogue in which the participants developed their thinking through building on one another’s insights.

Experts in other fields have made similar discoveries. For example, the management guru, Peter Senge, singles out the dialogic method as indispensable for the practice of management.

Drawing on his extensive research on dialogue (described in *The Magic of Dialogue*), Dan Yankelovich and his colleague Steven Rosell have now developed a “technology of dialogue.” It is a system built around a *conceptual model* of how people learn and make up their minds, plus mastery of the *technical practices* needed to conduct effective dialogue, plus *a variety of applications*, for example, management training, public affairs, communications, health care, race relations, education, etc (see figure 6).

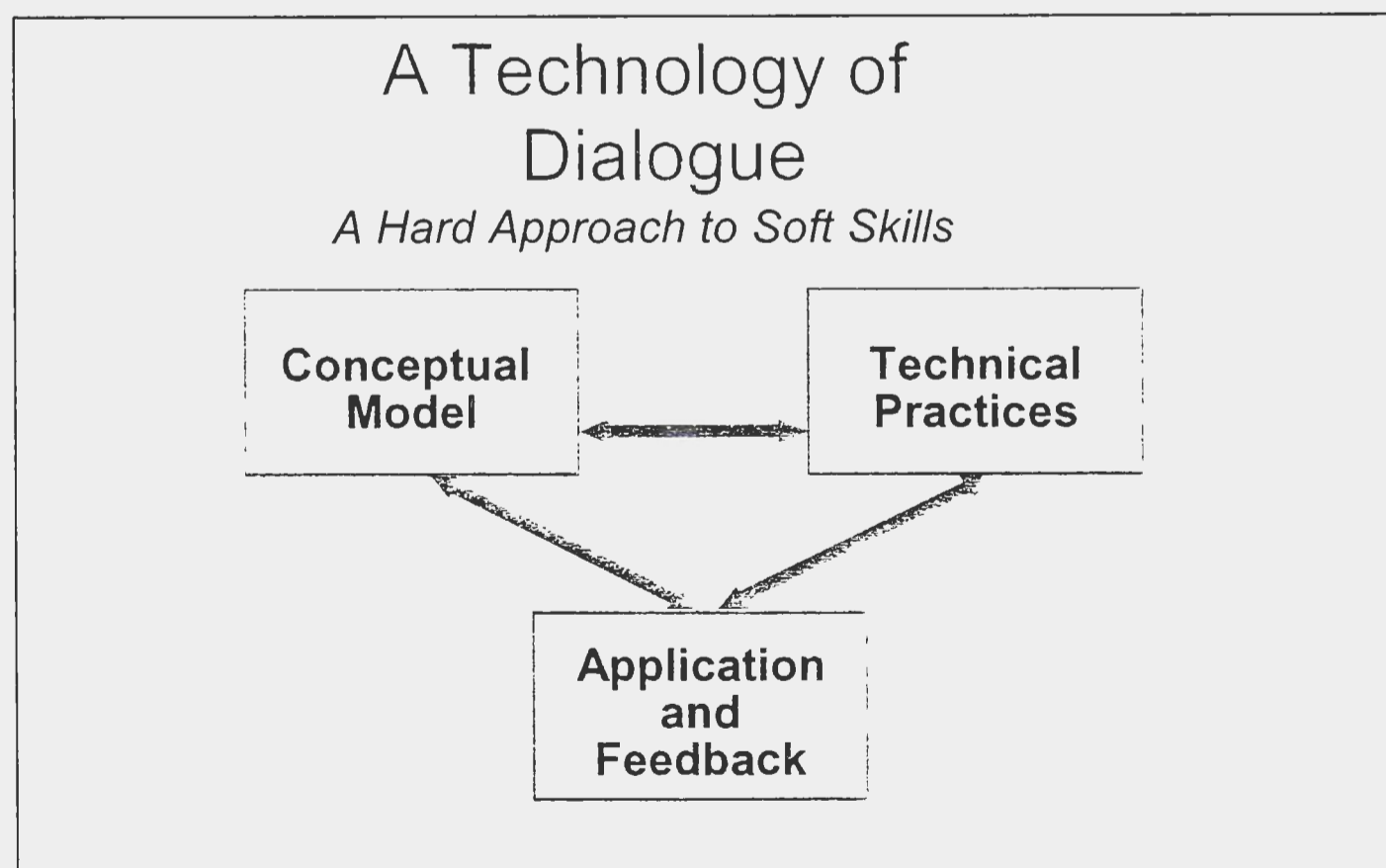


Figure 6

We live in a world of constant change. Identifying change is easy. But understanding what change means for you and your organization and how to respond to it, is very difficult. To gain this kind of understanding, you need to examine change from a variety of perspectives. The technology of dialogue is the method of choice for gaining the knowledge needed to understand and respond effectively to changes outside or inside the organization.

When managers learn to apply the technology of dialogue effectively, the payoffs both for their team and for the company as a whole are powerful: a competitive edge, enhanced image, improved performance, increased commitment, better retention, and faster growth.

SECTION 4: The ESSENTIALS Program and Viewpoint Learning

Viewpoint Learning has created ESSENTIALS, a learning program designed to strengthen the higher order skills needed to lead today's higher order knowledge workers.

All of the ESSENTIALS modules are designed to apply the technology of dialogue to the four essential skills identified in our research as critical for managing knowledge workers. Participants in the program enhance their higher order skills, and become familiar with a new technique for acquiring important knowledge.

There are two components to the ESSENTIALS program. Part 1 is a day-long session organized around practicing dialogue skills relevant to the four ESSENTIALS. The day is divided into four modules:

- **Absorbing the new** – focuses on the skills needed to read signs of change and to stimulate innovative ideas;
- **Sharing information and perspectives** – shows participants how to design a strategic dialogue to enhance performance;
- **Uncovering hidden assumptions** – practices the skills needed to challenge assumptions on how best to respond to change;
- **Applying the learning** – lays out a plan of action for each participant to implement in the coming months.

In Part II, participants implement the action plan they developed in Part I, assisted by feedback and coaching.

When participants are able to absorb and apply the technology of dialogue to the four essentials, the results for their workers and for their organizations can be significant, leading to better performance, higher levels of commitment and retention, increased innovation, and an atmosphere of trust.

The History of Viewpoint Learning

Dan Yankelovich and Steven Rosell founded Viewpoint Learning to advance practical applications of dialogue. Yankelovich, educated at Harvard and the Sorbonne, is one of the nation's foremost public opinion experts. In his international studies of management in the 1980s, he identified the trend toward high-discretion jobs (anticipating Drucker's concept of knowledge workers), and in the 1990s he identified ways of using dialogue to advance new forms of leadership.

Steven Rosell earned his Ph.D. in Organizational Development at Cornell. He has innovated forms of learning in which participants develop powerful shared frameworks through dialogue and practical exercises.

Between them, Yankelovich and Rosell have founded and managed six successful organizations, served on 18 major boards of directors, consulted with scores of organizations, conducted hundreds of workplace studies and written 14 books.

No other company brings together such a deep understanding of practical business needs, workplace trends, employee data, and insightful application of dialogic leadership.

