Why Unshared Knowledge Destroys a Company's Bottom Line?

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In today's fast-paced business environment, knowledge is power. Companies that possess valuable knowledge have a competitive advantage over their competitors. However, the knowledge that is not shared within an organization can have disastrous consequences. In this article, we'll explore why unshared knowledge destroys a company's bottom line and what can be done to prevent it.

The productivity of knowledge workers is crucial not only for organizational innovation and competitiveness but also for sustainable development. In the context of knowledge-intensive firms, the implementation of knowledge sharing is likely to increase knowledge worker productivity. Open or **explicit knowledge sharing** is crucial for organizations to make quick and effective decisions. While most organizations have effective processes in place to consolidate the knowledge provided by various print and electronic resources, it is much more difficult to capture the knowledge inside an employee’s head.

Every job has its nuances, and every organization has its own customs and culture. Every employee, therefore, ends up with the knowledge that no one else has. This is referred to as '**unique knowledge,**' or the individualized experiences an employee has gained from exposure to various work environments. Unique knowledge is different than '**standard knowledge,**' which typically comprises professional training and formal education. Unique knowledge varies from organization to organization and from position to position. But it’s instrumental in tackling the complex problems and unexpected challenges that employees encounter at work more or less every day.

The Cost of Unshared Knowledge

A new report quantifies how much money companies lose when their employees don't share knowledge.

When employees hoard knowledge, it creates silos within the organization. Silos prevent collaboration and communication between departments, causing duplication of effort, errors, and missed opportunities. This leads to wasted time, resources, and money, ultimately impacting the company's bottom line.

Furthermore, unshared knowledge can lead to a lack of innovation. When employees are not encouraged to share their ideas and expertise, they may become disengaged and less motivated to find creative solutions to problems. This can result in missed opportunities for growth and competitiveness.

In addition, unshared knowledge can also negatively impact customer satisfaction. When employees do not have access to relevant information, they may provide incorrect or incomplete information to customers, leading to frustration and dissatisfaction.

Unshared Knowledge Costs Money

When a colleague asks for information or advice, the fellows are usually happy to share their expertise. But if they were never asked and they leave the organization, they take the valuable knowledge with themselves which can lead to frustrations and inefficiencies at a later time for employees who would replace the position. According to the Panopto Workplace Knowledge and Productivity Report, the average large organization (with 17,700 employees, per its survey data) loses $47 million in productivity annually due to inefficient knowledge sharing, while an organization with 1,000 employees would expect to lose $2.7 million and an organization with 100,000 employees would lose $265 million. Panopto surveyed 1,001 American employees across a variety of industries to learn about their experiences using and having to cope without unique knowledge.

> The cost of inadequate knowledge sharing to the average U.S. enterprise business was calculated by combining expected annual productivity losses from inefficient information exchange with expected productivity losses from inefficient information exchange during new employee onboarding.

The more individual intellectual capital is transferred to organizational assets, the greater the degree of strength of organizational capabilities will become. If organizations do not implant mechanisms for storing that all employees collectively learn, the effects are not enduring. There would furthermore be a limited contribution to organizational learning.

According to the findings, the companies suffer from unshared knowledge in two ways:

1. Less Efficient Employee Onboarding

As employees leave their jobs, it's likely that new people will be hired in their place. When you replace an experienced employee with a new employee, without knowledge retention of old employees, they spend several inefficient hours acquiring knowledge and understanding the processes of the company. As per the study, being new to the job was associated with 28 hours of inefficiency per month for 6.5 months asking coworkers for help, waiting for information, and duplicating their coworkers' efforts. Additionally, the average new hire won't be fully up to speed in their role after the typical onboarding process has wrapped up. It takes a new employee an entire year or more to get up to 100 percent productivity in 20 percent of the surveyed companies. "Of course, getting up to speed at a new job will always take some amount of time," the report says. "How much depends on the knowledge that employees have access to along the way."

With effective knowledge-sharing tools such as PHPKB knowledge management software, companies can retain the unique/tacit knowledge of their experienced employees, and new employees can gain knowledge from the information shared.

2. Less Productive Day-to-day Work

According to the studies mentioned above, 80% of employees revealed that were actually frustrated at the inability to access a former colleague's institutional knowledge, while 25% said they were overwhelmed. Therefore, it's somehow obvious that an inefficient way of managing knowledge sharing or the total lack of it can seriously increase productivity costs within an organization.

With a **knowledge-sharing platform** in place, there's a great opportunity for employees to access the information they previously couldn't see and further enhance their specialist skills. Access to key information from around the organization on essential subjects, a knowledge-sharing platform gives employees access to different perspectives and allows them to pick up tricks, tips, and advice around their area of operation. This may help optimize their performance by filling knowledge gaps, enabling them to carry out their daily duties to a better standard at a faster pace. Knowledge from peers can offer everything from the basic fundamentals, like how a certain system works or what a process does, to comprehensive and detailed explanations of how the business's ecosystems operate. Whether it's company-specific information, industry trend data, or process-oriented knowledge, it's all useful to improve personal and organizational performance.

Companies who preserve and share their institutional knowledge benefit from faster onboarding, higher productivity, and ultimately, a positive impact on the bottom line. The effect is unique for every business but companies should **understand**

the value of proactive knowledge sharing to increase their productivity. to increase their productivity.

How to Encourage Knowledge Sharing

To prevent unshared knowledge from destroying a company's bottom line, organizations must encourage knowledge sharing. Here are some strategies to consider:

Develop a knowledge-sharing culture: Creating a culture where knowledge-sharing is encouraged and rewarded is critical. Management must set the tone for the organization by demonstrating the value of sharing knowledge.

Provide tools and resources: Companies should invest in knowledge management tools and resources to make it easy for employees to share information. These tools can include knowledge bases, wikis, and other collaborative tools.

Encourage cross-functional collaboration: Silos within an organization can be broken down by encouraging cross-functional collaboration. This can be achieved through team-building activities, interdepartmental projects, and cross-training.

Recognize and reward knowledge sharing: Recognition and rewards can be powerful motivators for employees to share their knowledge. This can include incentives for sharing information or public recognition for contributions to knowledge-sharing initiatives.

Conclusion

In conclusion, unshared knowledge can be detrimental to a company's bottom line. Organizations must develop a culture of knowledge sharing, provide the tools and resources to make it easy for employees to share information, encourage cross-functional collaboration, and recognize and reward knowledge sharing. By doing so, companies can leverage their knowledge assets and gain a competitive advantage in today's fast-paced business environment.

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