

STRATEGIC MANAGEMENT CONSULTANT AND BUSINESS SCHOOL PROFESSOR, **NICK BONTIS, PHD**, TALKS ABOUT HR'S CRUCIAL ROLE IN ORGANIZATION COLLABORATION

HR Professional caught up with Nick Bontis, PhD, at the Human Resources Professional Association's annual conference and trade show in January. The professor of strategy and knowledge management at McMaster University is a leading expert on intellectual capital and its impact on business performance. He spoke about why collaboration within organizations is essential to innovation.

HRP: How can HR facilitate collaboration?

NB: HR really needs to spend more time devoting resources to all four processes in the S.E.C.I. model as opposed to just one. S.E.C.I. is a model of how organizational knowledge is created and it stands for socialization, externalization, combination and internalization.

Socialization is the first process. Technology stops us from doing the simple things when we socialize, such as looking into someone's eyes. Really, the only people that are socializing in the company are the smokers outside. It's very important for HR to re-emphasize socialization opportunities within the organization. It becomes too easy to not put a face to someone's e-mail request and ignore it. When we communicate in person, we use so many varying degrees of emotion.

The second step, externalization, means we have to automate processes in HR so that we have it in organizational memory. This is a problem I see more in smaller organizations where one or two people are doing all the HR functions and they don't have the technological infrastructure like HRIS and PeopleSoft available to them. A huge amount of the HR knowledge is resident in that person's brain and the risk is that when they leave, that knowledge is gone. So what we have to concentrate on is getting HR people to codify what they know.

The next process is combination. This is where knowledge starts coming together. There is room for improvement here because HR sometimes doesn't get called into meetings they should be



IN A NUTSHELL

First job: By-law enforcement clerk at the City of Scarborough

Childhood ambition: Professional soccer player

Best boss and why: John Vivash, CEO of CIBC Securities Inc.; he had killer competitive instincts

Mentor: Christopher K. Bart, PhD, McMaster University, taught me about the academic lifestyle

Next move: New book coming out in late 2010 (as yet untitled), dealing with working smarter, not harder

Ideal vacation destination: Santorini, Greece

Current music selection: "Somma Mou," Notis Sfakianakis

Favourite book: *Think like a Genius* by Todd Siler

Source of inspiration: My children: Charlie, Dino and Tia Maria

Most recent thrill: Running the Olympic Torch Relay in downtown Hamilton

The best piece of advice I ever got: When your wife is happy, you will be happy

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in. Let's use the development of the company intranet as an example. The intranet is typically the domain of the IT folks. What they might do is bring in someone from finance to talk about expenditures and someone from compliance to talk about legalities, but they rarely bring in someone from HR to discuss the culture of that organization, what motivates people to share information with one another, and how this may impact the incentive and compensation structures of the firm. That's partly because HR has never expressed itself as having any IT competence, per se. If you know that technological or collaborative types of initiatives are going on in the organization, you need to put up your hand and say HR needs to be a part of this conversation.

The final step is internalization. HR plays a significant role in the dichotomy of the learning and unlearning that goes on in an organization. During the annual strategic planning process, HR should be articulating the things that didn't work in the previous fiscal cycle. Very rarely do I come across a firm that has formalized the idea of finding out what didn't work so they don't do it again.

HRP: Out of these four processes, you said that socialization is the hardest. Why?

NB: It's just too much work. If you think of externalization and combination, we all have the tools available for us to use. Internalization is easy because we do it naturally—people will always talk and we constantly internalize their feedback.

Socialization, on the other hand, takes effort because you have to take your bum out of your seat and engage with someone face-to-face. We have to get back to the old school way of talking to each other. It would clear up a lot of issues.

HRP: If HR is to be the catalyst for innovation, do we have to institutionalize more face-to-face time?

NB: Absolutely. HR can manifest this through office furniture and design, employee events and annual conferences—all three of which got shut down in many organizations in the last few years because of the financial crisis. But it's those three things that impact collaboration, socialization and rapport, which are all critical for innovation. Coming out of

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the financial crisis, we have to appreciate that we have not invested heavily in the social fabric of our organizations and HR's role is to get out the needle and start weaving that fabric together.

HRP: You mentioned the concept of unlearning. What is it exactly and why is it critical?

NB: When I was growing up, in school we learned that the one thing on earth you could see from space was the Great Wall of China. When a Chinese astronaut finally got to go up into space, he tested the hypothesis but when he looked down at earth, he couldn't see it. Why? It turns out it's not true and it's finally been invalidated.

The problem with organizations is that some of them don't test the hypothesis, and, more importantly, are so wedded to it because of some associated cost—financial, reputational, emotional—they don't want to let it go. But at some point HR has to step up and say this method or theory has been invalidated, it does not work, let's unlearn it.

HRP: How do you go about measuring what your organization needs to unlearn?

NB: That's the million dollar question. When asked this by my consulting clients, I couch the answer in terms of the strategic planning process. During that process, organizations use templates for the strategy plan and accompanying SWOT—strengths, weaknesses, opportunities, threats—analysis. They incorporate budgeting, variance and competitive analysis into that plan. I'd like to make a new supplemental section of that plan: to list what we did last year that didn't work, so we don't repeat those same mistakes.

HRP: You talked about knowledge obsolescence, can you explain what it is?

NB: Knowledge obsolescence is directly correlated to the rate of change in an industry. In some industries, software for example, the rate of obsolescence is huge. In others, such as construction, the change is not as quick. When there is a fast rate of obsolescence, HR must ensure it is adjusting its training budget to reflect that rate. If you are in a business that is going to be fundamentally changed by the conversion from the GST to the HST, for example, you need to do some extra training to compensate for the increase in the knowledge obsolescence rate and adjust the budget accordingly. **HR**



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