

Business Impact of Knowledge Management

by Robert S. Seiner

"There is nothing more frightful than ignorance in action." Johann Wolfgang von Goethe

"Nothing is more terrible than activity without insight." Thomas Carlyle

Knowledge Management (KM) and Employee Portals (EP) are the wave of the future. Companies are asking -- What is it? Why do we need it? How does it relate to what we are doing already? What does it cost (of course)? From a consultant's perspective, it appears as though knowledge management seldom means the same thing from one company to the next.

Some companies judge their knowledge management efforts on productivity gain, although the industry analyst groups tell us not to put all of our eggs in that basket. Other companies focus on the sharing of data for business intelligence rather than the sharing of knowledge yet they still call their initiatives or projects knowledge management. And other companies state that their knowledge management efforts focus on the implementation of portals -- with little or no discipline (management) applied to the knowledge that is made available or that can be captured through the portals.

In every case, the intentions of sharing knowledge are good, even if the definition of knowledge management and the definition of knowledge itself varies from place to place. The definition of knowledge management that I use states that KM involves a discipline of spreading knowledge of individuals and groups across the organization in ways that directly impact performance.

This impact on performance can take many shapes and forms. The impact can be related to the promotion of "healthy" or smart business activities, the involvement of knowledge stewards in daily activities, the limiting of the risk associated with people leaving the organization, understanding employee needs for knowledge, and making that knowledge, information, and data available to them.

This article walks you briefly through five business impacts of knowledge management . . .

The implementation of a knowledge management system promotes many "healthy" business activities including ...

- The recording of knowledge artifacts

Knowledge becomes manageable, shareable, and reusable only if it is recorded (turned into a knowledge artifact) and made available. Any piece of knowledge used in one business location, down the hall, or even over the cubicle wall - likely will not be shared unless it is recorded.

Knowledge management stresses the importance of capturing experience and know-how in an electronic format that can be categorized and made available through an employee portal or similar channel.

- Quality management of knowledge

The knowledge that a company wants to share needs to be of high quality. To re-implement, share, or reuse a low quality piece of knowledge may cause more harm than good. Therefore, when managing knowledge it is important to make someone responsible for reviewing, improving, and approving the quality of that knowledge before it is shared.

Knowledge management promotes the designation of a steward for each knowledge artifact. The knowledge stewards may or may not be the author of the recorded knowledge. The knowledge steward also may or may not be the approval authority as to whether or not the artifact should be available through the knowledge system. The steward's name is associated to the artifact through the knowledge index or repository.

Knowledge systems may also provide the ability to track artifact review dates (i.e., every 6 weeks, 6 months, yearly, and so on) that can be used to remind the steward that it is time to review, re-improve, and re-approve the use of a specific knowledge artifact.

Because knowledge management promotes the sharing of what we know, it becomes more important to record and maintain what we know in a quality manner.

- Leveraging lessons learned from past decisions and experiences

Making a wrong decision can be costly in terms of dollars and cents. Making the wrong decision more than once compounds the cost and the problem; a cost that potentially could have been avoided if the person making the second decision was able to learn from the first person. The old adage "learn from your mistakes" is expected in individuals but not as expected within large groups or companies.

The same holds true for making the right decision. Common sense tells us that companies want to repeat good business-decision making processes and decisions that have resulted in a positive business impact.

The same can be said for experience. Knowledge comes from experience, having been there before, having solved that problem already. Learning from these experiences is expected within individuals when it comes to repeating what works and only making the same mistake once. Learning is not as expected in groups. KM promotes the recording of experiences and making available the experiences such that others can repeat what works while not have to learn from experiencing the same mistakes.

- The sharing of best practices and the building of consistent processes

Management teams often develop what are termed "best practices" - processes and standards that are to be the target for the work of their teams. In companies with multiple departments, multiple buildings, spread out over cities, states, and countries, there are potentially "best practices" that are developed for each location. This isn't a truly tragic occurrence and sometimes this type of development of practices work quite well.

However, there is a cost associated with duplication of effort when best practices are not shared. This cost can be associated to the man power that is wasted when recreating what already exists. This cost can be associated with a lack of consistency in how decisions are made, how problems are handled, how employees are managed, etc.

Companies that stress consistency in process and decision making are prime candidates for knowledge management. Companies that establish "the company way" require a means to share that way with new employees, employees in remote locations, and so on. Sharing best practices

and building consistent processes are two of the major business impacts of knowledge management.

Knowledge management involves stewards (those accountable for knowledge) in the daily use of their knowledge and in daily activities.

A tremendous amount of information and knowledge exists on company intranet sites. In companies that have complex single intranets or multiple intranets, there typically is not a single person (or even group) that knows all of the information that resides on the sites. In these companies, there also typically is not a single person (or group) responsible for managing all of that information on the intranet, making certain that it is of high quality (or at least the level of quality where management wants this information to be shared), making certain that it is up to date, etc.

That said, consider the amount of information and knowledge that a company has that is not available on the intranet. In many companies, there are pockets of knowledge that are kept only in hard copy format (un-searchable), on individual's local computers (un-reachable), or even worse - in people's heads (un-recorded). Certainly, the individuals accountable for hard copy, distributed, or brain-stored knowledge have a difficult time keeping track of and managing these types of knowledge.

Even if a knowledge worker can find the information they need (not always true for reasons just mentioned), there is no guarantee that the information they do find is accurate and up-to-date. This is where the knowledge steward steps in. A knowledge steward is the person accountable for making certain that knowledge is recorded, reviewing the recorded knowledge for accuracy, and either gaining approval or approving the artifacts for share-ability.

Knowledge stewards are accountable for authoring and maintaining knowledge, and making certain that this knowledge is accurate and of high quality before it is made available to other individuals in the company. To make this happen consistently, stewardship becomes part of the steward's job description.

Knowledge management mitigates or eliminates the risks associated with attrition.

When an employee walks out the door for the last time, they take the majority of their knowledge and all of their experience with them. Attrition is a major cause of "brain drain" within corporations. This is specifically true for companies that ...

- walk employees to the door when they announce their resignation
- let employees complete their "days notice" without specific actions or plans to record or share all they know
- offer early retirement to workers who have reached a specific plateau
- terminate employees quickly due to poor performance, layoffs, restructuring . . .

Truth is that if you don't ask your employees to record what they know, chances are that when they leave, only a small percentage of their knowledge will stay behind. And what is left behind is likely usable to the employee that left but not necessarily as usable to the person who takes their responsibilities.

For companies that attempt to capture departing employee's knowledge -- time is short, incentive to share is decreased, projects are being handed over, ... the departing employee is busy through their final days. This leaves little or no time for the departing employee to share their knowledge. *By the way, ... this applies for consultants that are brought on a job because of their knowledge and how they are able to use it. Consulting agreements that leave little or no time for knowledge transfer leave companies in a bind when consultants finish their assignment.* If an employee is expected to record what they know in a reusable format, there is much less risk associated with that person's departure.

Another truth is that valuable employees can become dissatisfied with their job when they are not provided with the knowledge that they need to be successful. This potentially drives employees out of their companies. Employers that provide employees with knowledge sharing environments have an advantage over companies that don't when it comes to employee satisfaction and the evaluation of growth potential when making their career plans.

Employees, when looking to leave knowledge sharing companies for greener pastures, may be severely limited in their options if they expect to find other companies that act similarly in regards to knowledge management. Employees who work in knowledge sharing companies may demonstrate less of an urgency to "move on" when they see that other companies lag behind in providing the knowledge that is needed to perform in their jobs.

On another side of the same issue, companies that share knowledge have an additional selling point when attempting to attract new employees. Companies that record knowledge and encourage the sharing and spreading of knowledge are able to make new employees productive quicker and more effectively. This "ramp up" time and time to bring a worker "up to speed" can be dramatically reduced if shared knowledge is made available through a knowledge management system.

A knowledge management system promotes getting a good understanding of the knowledge, information, and data needs of employees.

One question that is rarely asked of employees -- "If you could have any knowledge, any information, and any data that would help you to do your job more efficiently and effectively, what would that include?". This is a pretty open question, but . . . it is a good question to use to kick off a knowledge management program. Completing this question in great detail provides a company with a true sense of who the employees are and what will it will take to make the company better.

Employee portals are typically designed to provide employees with a single place to get the knowledge that they need to do their jobs. This knowledge can come from inside the company (other employees) or outside the company. This knowledge can take many forms including office-like objects (documents, presentations, spreadsheets, databases . . .), graphics, different media types (audio, video . . .), formatted output, and collaborative efforts (threaded discussions, emails . . .). This knowledge can also come in the form of data (from a BI database, ERP systems, operational systems . . .) neatly packaged for specific purposes. Employee portals can bring all of this information into one place; a customize-able view organized for a specific employee.

However, in order to provide this meaningful view for each employee, business analysis must be performed to understand precisely what information will be helpful for the different types of employees at different levels. Since employees use different information for different jobs, the employee portals must also be customize-able to form a meaningful view specifically for each employee.

To create meaningful views for employees requires understanding their needs from several perspectives . . .

- information the employee needs as a person - white pages, news, weather, stock quotes, bulletin boards, organizations . . .
- information the employee needs as an employee - project and work schedules, directories, policies, personnel, benefits and payroll information, time and attendance information . . .
- information the employee needs for their job function - project plans, business requirements, templates and detailed procedures for completing tasks, lessons learned from others . . .

Employee also fall into groups that are referred to as knowledge communities. These communities are based on similar needs for knowledge, information, and data. By understanding where the knowledge

communities exist, a company can focus on employee portals, or parts of employee portals that focus on the needs of groups of people at a time.

Knowledge management systems promote the gathering of the information that is needed to begin working toward providing this singular meaningful employee view.

A knowledge management (employee) portal provides 24x7 access to ALL recorded knowledge, information and data about customers, prospects, employees, partners, ...

Most companies have individuals that are invaluable because of their knowledge and the experience from which they draw. These individuals are called upon time and time again to answer questions, provide assistance, provide support, and basically lead the way. These employees often work many extra hours because their knowledge is so critical and they need to put in the extra hours to get all of "their" work done. These employees are always expected to be there when needed. In this day and age, this expectation is somewhat dangerous.

Its easy to understand the risks of losing this person (or these persons) when they leave the company for any reason. It is not as easy to understand the risks associated with needing this person around the clock or in multiple places at one time. It is not possible for everyone to be there for everyone all the time. Recording knowledge and making that knowledge available through an employee portal 24x7 takes care of that problem. Granted, it is not particularly easy to duplicate the knowledge of the "experts"; especially when that "expert" is too busy to focus on becoming less busy.

The business impacts listed above — promoting "healthy" activities, involving stewards in daily activities, limiting the risks associated with attrition, gaining a complete understanding of employee needs, and providing knowledge, information, and data when and where it is needed — are all valuable results of building a knowledge management system.

To summarize, managing knowledge impacts the business in many ways. Some of these ways impact performance, some do not directly impact performance. The business impacts of knowledge management listed above may not be easy to quantify in terms of dollars and may not redirect a company's bottom line — but they all improve a company's ability to perform

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