Knowledge Management - Strategies, Benchmarks and Best Practices

Description: This report is based on a cooperative effort to develop and launch a comprehensive study to explore the state of knowledge management. The study was executed in two stages – an initial web based survey followed by in-depth interviews. The first stage of the study was executed using a web based survey. The survey includes responses from 117 participants representing perspectives from a wide range of companies of varying size and knowledge management maturity. The second stage of the study consisted of in-depth interviews with knowledge management experts at twenty different companies. The result is a report that provides a detailed view of knowledge management practices, performance metrics and industry benchmarks. Performance benchmarks and practices are presented by relevant customer segments including size of the support organization, the maturity of the knowledge management initiative, and customer segment served.

It is All About Knowledge

The service industry has been and will continue to be based on the effective transfer of knowledge. Whether through live assistance or self-services, knowledge is the fuel that drives service efficiency, innovation and customer satisfaction. Processes to capture, enhance and reuse expertise gained from creating, using, and supporting a product are becoming more formal and widespread. As a result of these Knowledge Management processes, service organizations are able to effectively transfer knowledge to customers, partners and employees through self-service and assisted means.

The emergence of wide-spread formal knowledge management initiatives is in response to an increased recognition of the value of leveraging knowledge assets. Some companies have invested considerably in knowledge management tools, processes and resources, while others are just starting this journey. As companies embrace knowledge management as a means to achieve operational efficiency there is a need to understand the level of investment required, the potential impact of leveraged knowledge and the strategies and capabilities necessary to realize these benefits.

Getting Serious about Knowledge Management

Intuitively Knowledge Management appears to make good business sense. This intuition has led to the creation of many Knowledge Management initiatives through grass roots efforts. The origin of bottom-up Knowledge Management initiatives has largely been possible because of the minimal investment required to make progress. A few hours of time by a few dedicated experts, the ability to leverage existing technology for the exchange of information, and informal style guidelines can be the basis for an effective yet informal Knowledge Management initiative.

Expectations of Knowledge management are high and cut across all aspects of the service business from customer satisfaction to quality of response. On a 5 point scale of importance, increased customer satisfaction is the most important (4.5 out of 5.0) impact of Knowledge Management followed by reduction of service delivery costs (4.3 out of 5.0). To meet these expectations, an investment in Knowledge management must follow.

In a perfect world the level of investment for Knowledge Management would be at the point of diminishing returns – the point where additional investment will not result in any additional meaningful return. It is difficult to adhere to strict principles of economics when there are many competing needs vying for finite budget. The good news is that more than two-thirds (70.1%) of companies now have some dedicated Knowledge Management resources, yet just 3.1% of total support staff is dedicated to this effort.

The Funding Paradox

The success of Knowledge Management relies on funding and support yet support and funding is often contingent upon the ability to quantify the impact of the investment. For Knowledge Management to yield maximum benefit it must be properly funded and supported by the organization. A lack of support, however, is the primary reason for Knowledge Management failure. The primary reason for under funded Knowledge Management initiatives is the inability to quantify its impact.
Lack of funding can severely hinder the success of knowledge management. Equally debilitating is the lack of organizational support. Knowledge Management is not a back office application used by just a few, nor is it infrastructure stored in the data centre. Knowledge Management is as much a cultural transformation as it is a technology enabled business process. Knowledge Management requires sponsorship and support across the entire organization from staff to executive management.

The Road to Continued Success

As knowledge initiatives take hold and mature, the funding paradox gives way to true cost - benefit analysis to determine how much investments will be made to Knowledge Management. Continued success will come from efforts to enhance content creation process, employ enhanced technologies and deliver tangible business value by leveraging knowledge assets.

This report provides a detailed view of knowledge management practices, performance metrics and industry benchmarks. The report is based on a study of 117 participants representing perspectives from a wide range of companies of varying sizes and knowledge management maturity.

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